FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Infants killed in IRA car crash

...month girl and her ... aged eight, died in ... when a car crashed onto ... pavement during a shoot- ... an Army patrol. Their ... was seriously injured, ... a two-year-old boy. They ... taken to the Royal Victoria ...

...n in the car also died and ... panion was hurt. Police ... ots had been fired from ... at the patrol. The car ... in Finaghy Road North, ... Republican Anderstown ... Police later recovered a ... rifle.

...asil Glass, deputy leader ... Alliance Party, last night ... the Provisional IRA and ... who supported their week- ... lence of responsibility for ... ldren's deaths.

... Dail is to be recalled on ... 31 to pass tough new ... -subversion measures. ... ublin Government seems ... increase the prison ... e for IRA membership to ... ears from the present ... um of two. Back Page

...fer MoTs

...hn Gilbert, the Transport ... er, plans to introduce more ... nt MoT safety tests at the ... ing of next year. Stop ... indicators, silencers, and ... t systems will be examined ... e first time. The fee is ... ed to be at least double ... urrent £2.20. Page 7

...tish concern

...n has expressed concern to ... South African Ambassador ... the continued detention of ... Britons under the Ter- ... n Act, the Foreign Office ... yesterday. The three, who ... been held for 13 days, are ... avid Rabkin, his wife, who ... months pregnant, and Mr. ... k Weech.

...b buys history

...erald Lascelles, a cousin ... Queen, has sold his lease ... rt Belvedere, the scene of ... d VIII's abdication at ... igdale, Berks., to an Arab ... ssman for more than ... 0. Page 7

...rig placed

...orth Sea's largest oil plat- ... is successfully positioned ... nah's Thistle field. It will ... lly be capable of produc- ... ,000 barrels a day. Mur- ... ield start. Page 7

...ola goes back

...ident Spinola flew into ... l, 17 months after he fled ... ntry in the wake of an ... Right-wing coup. He ... eted by police and army ... who took him to the ... prison of Caxias for ... ning. Page 4

...n to gift

...ional Gallery has turned ... painting by Cezanne, left ... ation by Ernest Shepard, ... nie the Pooh illustrator, ... l in March, aged 96. The ... said they did not con- ... to be genuine.

...lion season

...ent on safari at Thor- ... ar York, after receiving ... that a lion or lioness ... n sighted in the area. ... dogs were used in the ... out nothing was found.

...ly ...

... Bert" Oldfield, one of ...'s greatest wicket- ... died in Sydney, aged 82.

...nflux of foreigners, who ... en 90 per cent. of shoot- ... ts in Scotland, is the ... ng feature of the new ... season, which starts ...

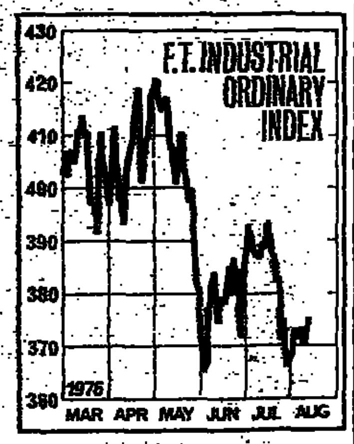
...lizabeth Thacker, of ... whose son, Robert, ... a street gun battle in ... denied that he was a ... y.

... London Zoo's three- ... la, is being moved to a ... flat for about six months ... ng dragged and dropped ... other, Lomie.

BUSINESS

Equities rise 5.3; Wall St. up 9.97

● EQUITIES gained ground, aided by selective institutional buying. FT 30-Share Index rose 5.3 to 375.2, its biggest one-day advance in nearly six weeks. Golds rallied a further 4.2 to 101.6.



● GILTS were firmer, with rises ranging to ½ at the close and tending to be higher in after-hours dealings.

● STERLING closed at $1.7900, down 15 points. Its trade-weighted depreciation narrowed to 38.5 (38.6) per cent.; dollar's widened to 1.70 (1.65) per cent. Spanish peseta came under pressure on devaluation rumours.

● GOLD rose 50 cents to $113.375.

● WALL STREET rose 9.97 to 993.42—the biggest gain in four weeks—spurred by bargain hunting.

● U.S. TREASURY Bill rates; threes 5.181 (5.151) per cent., sixes 5.422 (5.473) per cent.

● LOWER BORROWING requirement by the central government last month has brought the four-month total back within the Budget forecast. The figures appear consistent with a reduced public sector borrowing requirement of £11.5bn. or less. Back Page

Machine tool scheme widened

● MACHINE TOOL industry aid scheme, which has met with a disappointing response since its launch a year ago, is to be widened to encourage more smaller companies to take part. Back Page

● U.K. OIL OPERATORS support the Saudi Arabian view that the British Government has overestimated the offshore oil reserves. Page 7. Continental Oil exploration group is believed well advanced with commercial appraisal of the Murchison Field. Page 7

● FOREIGN CAR sales in the U.K. have gone up by nearly 30,000 so far this year, while home makes have sold only an extra 13,000. Page 7. Japan may exempt imported cars, including Leyland and Volkswagen models, from the strict emission standards due from 1978. Page 6

● POST OFFICE has placed contracts worth £4m. to extend mechanisation of letter sorting. Page 7

COMPANIES

● SMITH AND NEPHEW third party sales are up 19.8 per cent. to £65.14m. and pre-tax profit is up 5.9 per cent. to £5.87m. in the 24 weeks to June 19. Page 16 and Lex

● SECURICOR pre-tax profit rose 23 per cent. to a record £1.56m. (£1.27m.) on turnover of £37m. (£28m.) in the half-year to March 28. Page 19

● COMBINED ENGLISH STORES and Dutch group, N.V. Brabant, are paying £2.5m., through a joint subsidiary, for the West German group, Biba and Pariscpe Daub. Page 17

● BRENT WALKER made lower pre-tax profit of £194,046 (£629,171) last year but is optimistic about the future. Page 16

PRICE CHANGES YESTERDAY

...n pence unless otherwise indicated.)

RISES

...3½pc 1996	£95¼	+ ½
... Invs.	138	+ 8
...ps.	134	+ 9
... Cement	158	+ 4
...	267	+ 4
...and	138	+ 6
...	183	+ 5
... Hill Prop.	310	+ 15
... Tunnel	43	+ 6
... & District	37	+ 4½
...	229	+ 4
... Bacup)	64	+ 4
...	372	+ 9
Metal Box	262	+ 6
OK Bazaars	375	+ 25
Philips' Lamp	835	+ 20
Unilever	430	+ 8
Whessoe	46	+ 3
Shell Transport	428	+ 6
Ultramar	135	+ 7
Weeks Nat. Resrcs.	70	+ 5
Blyvoor	535	+ 25
General Mining	£13¾	+ ¾
North Broken Hill	193	+ 10
Pancontinental	£13½	+ ½
Southvaal	320	+ 20
Union Cpn.	215	+ 15
Vaal Reefs	900	+ 50
Western Hldgs.	£13	+ ½
Western Mining	180	+ 10

Rhodesian forces kill 300 guerillas in Mozambique

BY TONY HAWKINS, SALISBURY, August 10

Rhodesian security forces killed more than 300 guerillas, about 30 Mozambiquan troops and about 10 civilians on Sunday in a retaliatory raid on a camp just inside Mozambique, the Rhodesian Government announced to-night.

The official statement said there were no Rhodesian security force casualties, except for a few minor injuries.

The statement said the camp had been attacked on "irrefutable evidence" that the guerillas inside it were involved in the planning and execution of operations against Rhodesia. Officers returning from the strike confirmed that evidence found at the camp's headquarters "proved conclusively the extensive involvement" of Rhodesian nationalist guerillas and the presence of their senior commanders.

"In the absence of any restraining influence from the outside world, Rhodesia has had no option but to strike at centres of organised terrorism on her borders in the interests of her own self-peservation," the Government communiqué said.

Casualties

Rhodesians were bracing themselves tonight for a battery of angry accusations of aggression against Mozambique and possibly demands for a UN Security Council debate in the wake of the "hot-pursuit" attack. But the national radio reported a "jubilant" reaction to the operation. It announced in its main news that it had received many calls congratulating the security forces and "wishing the boys well."

Although the official statement makes no reference to the use of aircraft in the operation, it is widely believed here that the casualties inflicted—for no losses on the Rhodesian side—suggest that the air force was heavily involved. It is reported—although again not mentioned in the communique—that the attack took place on a camp only a few miles inside Mozambique."

The announcement did reveal that it had been necessary to destroy a roadblock and bridge during the operation, and further casualties were inflicted there.

There is no surprise at all at the Rhodesian Government action because hot-pursuit attacks against guerillas inside Mozambique have taken place before and on a number of occasions the Smith Government has given a warning that it would retaliate against guerillas inside Mozambique if necessary.

The fact that approval was given for such a strike at this stage was widely anticipated. The deaths of five white Territorial Army reservists at the week-end, including two men in their late 40s, led to angry demands from whites, particularly in the eastern border areas, for immediate retaliation.

The Rhodesian statement added that following an increased tempo of terrorist attacks against Rhodesia's eastern border area, in which Mozambiquan troops are known to have participated, the security forces became involved in hot-pursuit operations on Sunday. They were pursuing "terrorists who were based in and supplied from Mozambique.

In the past, Rhodesia had given "repeated warnings" of the risk inherent in supporting terrorists. "It has consistently been made clear that Rhodesia has no quarrel with the people of Mozambique or their armed forces, with whom they wish to live in harmony."

In security forces circles considerable satisfaction is being expressed at the outcome of the raid, which is seen as in the style of the Israeli commando operation at Uganda's Entebbe airport.

Satisfaction

But, for all the reported satisfaction and jubilation of the man in the street—understandable in the circumstances—there is considerable caution and concern in business and Goverment circles as reaction is awaited.

Rhodesians believe sincerely and genuinely that they do have right on their side in this case. But no one here believes that the UN Security Council will see it that way. Furthermore, the Frelimo Government in Mozambique is expected to put out a very different version of the affair from the Rhodesian one.

Leyland Board change likely

BY TERRY DODSWORTH

The first major change on the British Leyland Board since the reorganisation of the company 12 months ago is expected within the next few days after the departure of Mr. Ron Ellis, managing director of the Truck and Bus Group.

An announcement of Mr. Ellis's move is due later this week. He is believed to have accepted an offer to join the Ministry of Defence as head of defence sales, a job from which Sir Lester Suffield is due to retire shortly.

Mr. Ellis, who will be 52 to-

Mr. Ron Ellis: Expected to become arms salesman.

morrow, has spent all his working life at Leyland. He became managing director of the Truck and Bus division at the time of the merger between Leyland and BMC in 1968, and has since piloted the organisation through a difficult period of low capital investment without once making a loss.

Despite healthy profits, however, Leyland's commercial vehicle interests have lost ground in the last few years, particularly at the lucrative heavy end of the market.

There have been persistent complaints of poor supply affecting both trucks and buses, and importers have been able to consolidate their position in the U.K.

Mr. Ellis has been seeking to redress this position since

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Men and Matters, Page 14

Industry loans give clearer recovery hint

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A RISE in manufacturing industry's demand for finance has led to a further large increase in bank lending, though the clearing banks are still cautious about exaggerating the significance of recent trends.

In the month to July 21, the underlying level of sterling advances by the London clearing banks to the U.K. private sector rose by about £350m. This compares with an increase of around £300m. in the period to mid-June and roughly £200m. in each of the previous two months.

The latest increase, however, appears to indicate much more clearly the increasing pace of industrial activity. A large part of the earlier rise reflected the financing of "leads and lags"—the postponement of foreign currency receipts and bringing forward of payments—associated with the spring and early summer sterling crisis.

Borne out

But these pressures have ceased, even though there have been few signs of the timing of payments reverting to the previous pattern. Consequently, Banking Information Service, which speaks for all the clearing banks, is able to say that suspicions of a recovery in industrial borrowing, evident a month ago, are now being borne out.

It comments that the underlying increase arose "largely from the manufacturing sector. The emphasis was on additional working capital and restocking of raw materials."

The last few months' trade figures have indicated a high level of purchases of raw materials from abroad, which will require more finance for stocks. Otherwise, the banks suggest that the money is needed to finance the additional cost of working capital, such as trade debtors, caused merely by inflation, and there is not yet enough evidence to imply any significant increase in the overall physical volume of stockbuilding, apart from raw materials.

Although one of the largest clearing banks stressed that the figures showed for the first time that industry was taking up more of its agreed borrowing, others were more hesitant about talking of a significant or sustained upturn in lending. One senior manager said he wanted to see the August and September figures before definitely regarding the trend as having "taken-off."

Implications

One bank said there had been few signs yet of any real rise in the underlying demand for bank finance for capital investment, as opposed to working capital needs.

Nevertheless, the increased lending to industry was clearly more marked last month than previously, and should rise as restocking starts properly and capital investment begins its forecast recovery in the second half of the year.

Moreover there has been an underlying rise in clearing bank advances to the private sector of more than £1bn. in the last four months, which also has implications for monetary policy. Evidence of any large sustained rise is being watched closely in the City in the light of the Government's projected 12 per cent. growth in M3—the broad definition of money supply—during 1976-77.

The official desire to avoid a rapid growth in money supply was reiterated last month when the Bank of England sent out a notice, stressing the need for "strict restraint" in lending for low-priority purposes.

In the short-term, a rise of £961m. to £35.98bn. in the bank-

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FEATURES

ON OTHER PAGES

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EEC moves to defuse Greek-Turkish crisis

BY REGINALD DALE, EUROPEAN EDITOR

WITH TENSION still mounting in the Aegean oil confrontation between Greece and Turkey, international moves were under way last night to defuse the crisis that has brought the two countries to the brink of open warfare.

In The Hague Mr. Max van der Stoel, Dutch Foreign Minister and President of the EEC Council of Ministers, said he would have "very intensive discussions" on the dispute with Dr. Henry Kissinger, the U.S. Secretary of State, when he visits Holland to-day.

Mr. van der Stoel, who returned from a four-day visit to Athens yesterday, announced that he was consulting the other EEC capitals to see if an initiative by the Nine could contribute to a settlement of the rival territorial claims by the two countries, both EEC associates.

Mr. Constantine Karamanlis, the Greek Prime Minister, had not specifically asked the Community to mediate, he added, but it might be helpful to see what could be done behind the scenes to bring the two Governments together.

In the Aegean the situation remained potentially explosive following a statement from Ankara that the Turkish exploration vessel Sismik 1 Hora would continue her work in disputed waters for the next ten days. With armed forces on the alert on both sides, Greek sources warned that the danger of conflict had "never been closer."

● Our Athens correspondent writes: The Greek Cabinet met in emergency session yesterday to review the situation and prepare for the legal battle aimed at having Turkey internationally condemned for violating what Greece considers her "continental shelf" in the Aegean.

Mr. Karamanlis was briefed by the military leadership on the combat readiness of the armed forces.

Angered

Some reports said several tank units on the Greco-Turkish border in Thrace, and aircraft on the island of Rhodes, close to southern Turkey, were being kept on alert. Missile-firing gunboats were reported in strategic positions in the eastern Aegean.

The Greeks have been angered by Press reports to-day that Turkey deployed amphibious Army units on Monday on the Cesme Peninsula, within three miles of the Greek island of Chios.

Chios, with Lesbos and Samos, also within sight of the Turkish Anatolian coast, would be vulnerable in a military conflict. Greece has fortified these islands despite protests from Turkey that she was violating treaties under which they should remain de-militarised. Mr. Karamanlis has said international treaties do not take away Greece's right to self-defence.

An official announcement said the Greek appeals to the U.N. security council and the International Court of Justice at The Hague on Greece's dispute with Turkey over the Aegean were being submitted to-day. Mr. Demetrios Bitsios, Foreign Minister, leaves for New York to head the Greek delegation at the Security Council debate.

Officials in Athens said Greece hoped that condemnation by the Security Council of the Turkish attitude would legally strengthen her hand in the dispute over territorial rights in the Aegean, where the two hostile neighbours have laid rival claims to the as yet unverified seabed riches.

They added that although Greece was following a policy of moderation, the situation was still fraught with dangers, especially if the Turks, encouraged by Greece's obvious reluctance to risk a military showdown, increased their activities in "controversial" areas of the Aegean.

The confrontation, Page 4

£ in New York

—	Aug. 10	Previous
Spot	$1.7892-7898	$1.7930-7940
1 month	1.28-1.25 dis	1.27-1.22 dis
3 months	3.35-3.28 dis	3.26-3.21 dis
12 months	11.10-11.00 dis	10.95-10.85 dis

Cool reception for consumer electronics industry warning

BY LORNE BARLING

A WARNING that the British consumer electronics industry could cease to exist in five years' time because of foreign competition was received coolly yesterday by Mr. Edmund Dell, Trade Secretary.

At a meeting between Mr. Dell, Department of Trade officials and management and union representatives of Britain's three largest companies, he made it clear that demands for import controls would not be entertained unless voluntary restraints failed completely.

Mr. Dell also urged the industry to seek closer relations with Far Eastern competitors in an effort to resolve problems. The use of import controls, it is felt in Whitehall, could result in damage to existing voluntary controls in other industrial sectors.

It was stressed at the meeting, attended by representatives of Thorn Consumer Electronics, GEC (Radio and Television) and Philips Electrical, that Japan had honoured its agreement not to increase the level of colour television set imports.

On the vexed question of monochrome imports, which have increased substantially this year, it was pointed out that suppliers in the Far East had been approached and voluntary restraint was being sought.

Action call

All parties agreed that further talks should take place after some response had been received on monochrome imports, with the department clearly hoping for a satisfactory outcome which may allay some of the industry's fears.

The meeting followed a call for action on imports and assurances about the industry's future within the terms of Government industrial strategy.

It was claimed that the industry, including the components sector, was "in a critical state as a result of unfair competition from Far Eastern countries, notably Japan." Unless immediate steps were taken the collapse of the industry within a couple of years was inevitable.

The companies concerned pointed out that the industry produces goods valued at £500m. a year and employs 48,000 people. "From an employment point of view the basic question is whether jobs are to be preserved in Britain or transferred to South East Asia and the Far East."

On the question of audio products, dominated by an import share of two-thirds of the market, the industry was told that sufficient information had only just been received by the department to make representations to overseas suppliers.

The industry argued that Far Eastern importers were employing a strategy of attacking particular sectors of the industry in turn, pointing to the manufacture of colour television tubes as a prime example.

Mullard, a Philips subsidiary, and Thorn Colour Tubes, had produced 75 per cent. of Britain's requirements until the closure of Thorn's Skelmersdale plant in January this year with the loss of 1,600 jobs.

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Threat of cheap imports Page 7

LOMBARD

Questions about U.S. recovery

BY ANTHONY HARRIS

THE NEWS that unemployment in the U.S. has risen sharply for two successive months looks at first sight like a confirmation of the scepticism of American consumers about their own economy. Two-thirds of them, as I reported recently, believe neither that President Ford deserves any credit for the recovery to date, nor that the recovery is likely to last. Certainly the political commentators over there have read the unemployment figures as bad news for the President.

Any economist would say that the figures merely confirm that President Ford is sadly (and comically) accident-prone. The unemployment figures, as he would explain, do *not* mean that the U.S. recovery is faltering. They simply reflect the fact that the labour force is growing very fast. Employment, a far more reliable indicator of economic activity, is still rising smartly. The recovery, on a consensus view, is going according to plan.

Not evidence

End of story? I doubt it, or I would hardly think it worth using good space on this subject. My own view is that everyone is partly right and partly wrong. The economists are right to dismiss the unemployment figures as *no* evidence of anything (though the growth of the labour force, as you will see, my dear Watson, is highly significant). But the consumers are right, and the economists are wrong, about the underlying strength of the economy; while President Ford is right, and the consumers are wrong, about who deserves the credit for any recovery that does happen.

Consumption is rising, all right, though at a relatively modest rate—which is hardly surprising, since real wages have risen only a little over 1 per cent. after falling by some 6 per cent. Indeed, the wonder is that the recovery has gone as far as it has. Two explanations emerge from the evidence: a boom in car sales, and cuts in taxation. The question about the boom in car sales is how long it will last. After the acute depression of 1974-75, some pent-up replacement demand was to be expected—especially since motorists want better economy. In addition, the growth of imports has been reversed. Neither of these is a reliable long-term trend. So it comes down to tax cuts—and we'll come back to them.

What about investment and profits? Housebuilding took off rather vigorously last year, but now shows signs of levelling up; it's about 30 per cent. above its trough, but still 40 per cent. below its 1972 peak, and the market is still well supplied. Manufacturing investment has turned up, but not much—it is still far below its peaks of 1969 or even 1966, let alone 1973. As for non-manufacturing, the programmes of the public utilities were recently reported to be down 60 per cent. on last year. Business investment as a whole is still near an eight-year low. Profits, it is true, are nearly back to their recent 1972 peak (though still a third lower, as a proportion of value added, than in 1965); but since industry now likes to find three-quarters of its funds internally, against less than half during 1974, this flow of funds does not seem likely to support an investment boom.

This financial conservatism is, I would suggest, the most important reason for doubting the onwards and upwards school of economic analysis; for it is not only rather likely to last, after the fright of recent years, but it will be difficult to reverse even if industry wishes it. The banks—who have not much shared in the profit recovery—will also show great conservatism if any great revival of industrial loan demand should emerge.

'Re-entry'

Indeed, I find it hard to believe in any vigorous self-sustaining recovery anywhere until both *inflation rates* and *interest* get back to levels that would have looked normal in the mid-1960s, as long as the bulk of financing is based on fixed interest. This is the "re-entry" problem correctly defined by Milton Friedman, and it has not been solved.

Which leaves only the question of how even the present recovery has been managed. The answer is tax cuts, and a huge fiscal deficit. There is a general impression that U.S. fiscal policy is conservative, because the corrected "high employment" deficit is still low; but that trick has only been possible because of the rapid growth of the labour force, which enables the Administration to postulate a very large growth of activity as the basis for its correction. If there were fewer 18-year-olds, they would have to admit that a $70bn. deficit is high by any standards. As it is, Mr. Simon unlike Mr. Healey, can pose as a conservative; but the President correspondingly gets no credit for the fiscal risks he runs. A born loser, I fear.

GARDENS TO-DAY

Prices that border on the ridiculous

BY ROBIN LANE FOX

APART FROM all the problems of drought, I think that this is the season when I will rebel against the prices in most gardening catalogues. This is not a complaint against the nurserymen, many of whom stock varieties of shrubs or border plants which could only be profitable if everybody bought yearly on the advice of this column. It is only a fact about me. I have never expected to pay 40p + VAT for one ordinary Michaelmas Daisy.

How then are we to plant a herbaceous border at five plants to the square yard and have anything to show for our efforts? One remembers the fashion for trouble-free gardening. A surprising consequence of the past three years has been the willingness of moderately industrious people to spend their time in the most laborious striving for fresh vegetables, most of which have been killed off by drought. At the same time how freely the flower-gardeners were talking of the passing away of the annual or the bedding-plant, those troublesome legacies from the Edwardian past. A shrub or two in the borders and a mass underplanting of rampant perennials were the easy answers for the busy modern man.

But the rise of the vegetable garden shows modern man to be no busier than others before him. I have just calculated a cost of £106 for a hypothetical replanting of one *longish* flower-bed with old roses, a magnolia and super cut-price ground cover cartons of plants to block out other plants.

I am thankful that I have always been interested in growing perennials from seed. It is an unavoidable pleasure, nowadays.

No flowers

I can assure you that there is almost nothing in flower in my miserable garden at the moment except for the invading goose-foot and the thistles whose tap-roots go deep into the ground. One pleasant exception is the Summer Hyacinth, or Galtonia Candicans, whose bulbs seem to have survived some rough treatment and two years without any water.

This is one of those bulbous plants which you cannot overlook when it flowers. The flower-stems are three or four feet high and the flowers are white, pendant and bell-shaped. Its leaves are not as inconspicuous as they might be, but you can lose them among surrounding border-plants.

You might well find yourself paying £2 or £3 for 10 bulbs, a few of which would probably stay underground or be spiked when you forked over the flower bed. Instead, you could raise a hundred quite easily from one year's seed saved on one specimen. By the end of this month it will probably be ripe for sowing. You need no heat, though heat may hurry it up.

Find one in a friend's garden, impress him by refusing the offer of a young bulbil and tell him that you prefer to raise your bulbs from seed these days. By next August you will have a crop of young Galtonias which have developed beyond their first onion-like leaf on which the black seed is usually hoist above ground. They may flower in the following season.

The same tactics will succeed, perhaps even more easily, with the white Regale lily whose seed-pods you should now be watching carefully. This lily, as I have often reminded you, will flower in its second year from seed, so treat it like a biennial and ignore the offers of "jumbo bulbs" at 50p a time.

Good value

Among the many border-plants, I would *now* be *looking* for seed of the perennial blue flax, for which you should refer to last week's encomium. It is fool-proof and excellent value. I would also launch out into the family of the *Campanula*, especially into all available varieties of *Persicifolia*, the sort of plant which can be tucked in to any bed for bright colour in June and July. So shallow-rooted is this plant that you can leave it to run through beds of iris where it helps to prolong an otherwise short season. Having started it off in this position, I now find that it seeds itself into other ingenious places where I would never have put it. The variations in colour are welcome, as the seed never comes quite true. I try, too, to catch the seed of the taller *Lactiflora* varieties which ripens so fast, for it is worth sowing some of these brightly-shaded flowers every year. They have not liked the dry weather, but in most Julys they are the best of the taller border plants.

So much for blues and pale violets, for I presume that you would grow your own Delphiniums from seed too. I can see the outlines of a good border here already, for the cost of a pound at most. But it needs some strong colour, and I think I would look both to the magenta Flower of Jove, known as *Lychnis Flos-Jovis*, and the pinks and flames of the *Alstroemeria*. The former is easily raised and remains one of my favourite border flowers because it combines a bright colour with grey leaves and lasts in flower for months. The latter are those spectacular Peruvian Lilies which enliven the first week in July. Admittedly they fade away soon afterwards, but you can train Nasturtiums, I have found, among their stems and enjoy a longer season. More permanently, you can use the rounded grey leaves of *Helichrysum Petiolatum*, familiar from formal bedding schemes but quite easily wound round a cane or a clump of old stems.

Not easy

The Alstroemeria is not particularly quick or easy from seed, and it has one taste which you must know. It hates to be disturbed as its roots are extremely fragile. If possible, transplant each seedling directly into a small pot where it can develop its roots and be moved without too much of an interruption. It disappears below ground in the autumn after flowering and reappears slowly in spring. So do not think you have lost it. Plants are sometimes offered in pots as young stock, which I would buy; sometimes, the tubers are sold in garden centres, and these I would avoid as they are not to be handled lightly.

No doubt you sow your own foxgloves, lupins and aquilegias anyway, whenever you want more stock. If you have never sown or grown the tall *Veronica Virginica* in its pale blue or white form, you should, I think, hunt it out. It grows easily and will reach at least five feet in the back of a border where it breaks up the tall August yellows. A few cuttings of pinks and the like, some divisions of old phloxes and daisies, an extravagance on a group of the tough musk roses: I can see myself filling a long border throughout the next decade, whatever happens to inflation. One always feels fonder of a plant which one has grown the whole way from seed to flower.

RACING

BY DOMINIC WIGA

Believed should win again

BEN HANBURY, whose principal patron of last season, Mr. Ravi Tikkoo, is apparently in the process of drastically reducing his bloodstock interests if not getting out of racing altogether, looks set to land to-day's Yarmouth Summer Handicap (3.15) with *Believed*.

This bay filly, by the 1969 Derby winner Blakeney, has made steady headway this season, and it came as no surprise to her connections when she got off the mark in the Harold Shepherdson Maiden Stakes at Redcar two weeks ago.

The Newmarket filly was not hard-pressed to hold off the favourite, Make A Signal, after taking over a quarter-mile from home. Believed had previously finished a close fourth behind Brag, Allrey and Tyrus in a similar event on the same course. Even with a 5 lb penalty she carries just 7st 12lb.

I hope to see her follow up at the chief expense of another improving sort, Paddy's Darling, a game winner from General Augustus at Folkestone a month ago.

Another penalised winner with good prospects again is *Rose Melody*, among the runners for the Bure Nursery (3.45). This beautifully-bred filly, by Tudor Melody out of the extremely useful Silly Season mare Rambling Rose, found little difficulty in justifying a gamble at Beverley a month ago, backed down from evens to 7—4 on.

She showed her authority again when defeating the odds-on Big Treat in the Redcar Silver Salver on July 28. I shall be disappointed if she fails to concede 8lb to another juvenile bidding for a hat-trick, Bedford Lodge.

YARMOUTH
2.15—Aspect***
2.45—Friendly Sound
3.15—Believed**
3.45—Rose Melody
4.15—Cavalier's Blush
4.45—Amba Princess

SALISBURY
2.00—Perfect Gentleman
2.30—Adviser*
3.00—Striker
4.30—Cairnfold

Doug Smith, whose est[...] ment has not been produc[...] customary flow of winne[...] season, could have a cha[...] fortune with the one[...] *Aspect*, who goes for the [...] the Cliff Park Stakes (2.15[...] bay son of Huntercombe [...] he would not be long in w[...] when chasing home th[...] beaten Crepello colt Card[...] at Newmarket on 1,000 [...] day.

Although the lack of a[...] outing could tell agains[...] Aspect is reported to be [...] heart and I do not inten[...] ing beyond him.

A year ago Richar[...] brought Senorita Rugby [...] well-judged late challe[...] land Salisbury's J. A.[...] Handicap. This time he [...] mount on another possib[...] ner, The Epsom-trained [...] litzer. But the one I a[...] prefer here is locally [...] Striker, who will be at at[...] odds.

It will be a shock to [...] *Adviser* fails to follow [...] impressive Goodwood [...] over Quick Retort in t[...] ford Stakes (2.30).

London's soaring hotel rates

TOP LONDON hotels could soon be charging an average £55 a night for a double room without breakfast, service charge or VAT, according to a survey in the publication, Caterer and Hotelkeeper.

An assessment of likely costs in 1980 is based on increases over the past five years, discussions with leading hoteliers and experience of catering price trends.

London hotels, says the survey, look set for a 100 per cent. increase, and tariffs in the provinces will rise by at least 75 per cent.

This would mean Park Lane hotels raising their twin room rates from an average £37 to £55. Medium range hotel charges would go up from £17 to £37 and bed and breakfast rates would be £18 instead of £8.50.

In the provinces, leading hotel rates of £16 for a double room would be increased to £2[...] medium range hotel [...] would rise from £12[...] Coastal guest houses cou[...] ing £13.50 for bed and b[...] for two.

The paper points out [...] increases would hit harde[...] ordinary British guest. [...] now few individuals ca[...] top London rates. What h[...] there be of them finding [...] a night's accommodation,'[...]

ENTERTAINMENT GUIDE

OPERA & BALLET

COLLEGIATE THEATRE. 387 9629 [illegible]

THEATRES

KING'S ROAD THEATRE. 352 7488. [illegible]

THEATRES

TALK OF THE TOWN. (01-[...] [illegible]

TV/Radio

† Indicates programme in black and white.

BBC 1

7.05-7.55 a.m. Open University (UHF only). 9.45 Adventures of Tin Tin. 9.50 Jackanory. †10.05 Belle and Sebastian. 10.30 Roobarb. 10.35 Vision On. 1.15 p.m. News. 1.30 Bod. 4.23 Regional News (except London). 4.25 Play School. 4.50 Speed Buggy. 5.15 The Changes. 5.40 Barbapapa.
5.45 News.
6.00 Nationwide.
6.50 Man and Boy.
7.15 It's a Knockout.
8.30 Are You Being Served?
9.00 News.
9.25 Explorers.
10.15 Band Beat.
10.50 The War Lords: Hitler.
11.20 The Sky at Night.
11.50 Weather/Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.15 p.m. Bie Ond . . .? 5.35-5.40 Crystal Tipps. 6.00 Wales To-day. 6.50 Newydd: News. 7.05-7.15 The Shari Lewis Show. 11.50 News and Weather for Wales.

Scotland—6.00 p.m. Reporting Scotland. 6.50-7.15 International Shinty-Hurling: Scotland v. Ireland. 11.50 News and Weather for Scotland.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.50 Scene Around Six. 11.50 News and Weather for Northern Ireland.

England—6.00-6.50 p.m. Look North (from Leeds, Manchester, Newcastle); Midlands Today (from Birmingham); Look East (from Norwich); Points West (from Bristol); South Today (from Southampton); Spotlight South West (from Plymouth).

BBC 2

6.40-7.55 a.m. Open University.
10.35 Nai Zindagi Naya Jeevan.
11.00 Play School.
5.00 Open University.
7.30 News on 2.
7.40 Gardeners' World.
8.10 The Sandpipers.
9.00 Look, Stranger.
†9.25 Festival 40: The Wednesday Play "Cathy Come Home" with Carol White.
10.45 Beauty Is In The Eye.
10.55 Newsnight.
11.10-11.15 Closedown: Martin Jarvis reads "Merlin Enthralled" by Richard Wilbur.

LONDON

9.45 a.m. Sally and Jake. 10.00 Summer School. 10.50 Cartoon Time. 11.00 Certain Women. 11.50 Cartoon Time. 12.00 The Adventures of Ruper Bear. 12.10 p.m. Mister Trimble. 12.30 Mitchell Memories. 1.00 First Report: News with Leonard Parkin plus FT index. 1.20 Lunchtime Today. 1.30 Crown Court. 2.00 The Best of Good Afternoon. 2.30 Play: Provincial Lady. 3.25 Once Bitten . . . 4.10 Cartoon Time. 4.25 Michael Bentine's Potty Time. 4.50 Shadows. 5.20 The Flintstones.
5.50 News from ITN.
6.00 A Town Called Kingston-upon-Thames.
6.35 Crossroads.
7.00 All in the Game.
7.30 Coronation Street.
8.00 The Tommy Cooper Hour.
9.00 Killers.
10.00 News.
10.30 Hitler's Germany.
12.00 What the Papers Say.
12.15 a.m. Close: The Rev. Michael Hollings reads one of his prayers.

All ITV Regions as London except at the following times:—

ANGLIA

10.40 a.m. Phoenix 5. 11.05 Treasures in Store. 11.30 Recreation and Interests. 1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 The Beachcombers. 6.00 About Anglia. 12.00 The Big Question.

ATV MIDLANDS

10.50 a.m. The Osmonds. 11.10 Animated Clasics: Black Arrow. 1.20 p.m. ATV Newsdesk. 4.10 MGM Cartoon. 5.20 ATV Today including Junior Police Five (Part 1). 6.00 ATV Today (Part 2).

BORDER

11.05 a.m. Another Chance: Beamish Open Air Museum. 11.30 Recreation and Interests. †1.20 p.m. Border News. 2.00 Houseparty. 5.20 The Count of Monte Cristo. 6.00 Border News and Lookaround. †12.00 Border News Summary.

CHANNEL

†1.20 p.m. Channel Lunchtime News and Weather. 5.20 Arthur, No. 37. †6.00 Channel News and Weather. †6.10 Adventures in Rainbow Country. †12.00 News and Weather in French followed by Epilogue.

GRAMPIAN

11.05 Treasures in Store. 11.35 Recreation and Interests. 1.20 p.m. Grampian News Headlines. 2.00 Houseparty. 5.20 Wait Till Your Father Gets Home. 6.00 Grampian News and Farming News. 6.15 The Woody Woodpecker Show. 12.00 Evening Prayers.

GRANADA

10.50 a.m. The Seven Seas. 11.40 Tomfoolery. 1.20 p.m. Take Kerr. 5.15 This is Your Right. 5.20 Crossroads. 6.00 Granada News Headlines followed by On The Road. 6.30 The Adventurer. 12.15 a.m. Thank You and Goodnight.

HTV

11.05 a.m. Treasures in Store. 11.30 Recreation and Interests. 12.00 Flower Stories. 1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. [illegible]

HTV Cymru/Wales—As HTV General Service except [illegible]

HTV West—As HTV General Service except [illegible]

SCOTTISH

11.05 a.m. Treasures in Store. 11.30 Happy Riding. [illegible] Jimmy Logan. 12.00 Late Call.

SOUTHERN

10.30 a.m. The Thames. 10.40 Camel. 11.05 Treasures in Store. 11.30 Recreation and Interests. 1.20 p.m. Southern News. 2.00 Houseparty. 5.20 Sinbad Junior. 5.25 Crossroads. 6.00 Day By Day. 12.00 Southern News.

TYNE TEES

11.00 a.m. Starting Point. 11.05 Treasures in Store. 11.30 Recreation and Interests. 1.20 p.m. North East News and Lookaround. 2.00 Women Only. 5.20 Wild Country. 6.00 Today at Six. 12.00 Epilogue.

ULSTER

11.05 a.m. Treasure in Store. 11.30 Happy Riding. 1.20 p.m. Ulster News Headlines followed by Lunchtime. 4.23 Ulster News Headlines. 5.20 Return to Planet of the Apes. 6.00 Summer Reports.

WESTWARD

10.05 a.m. Sesame Street. 11.05 Treasures in Store. 11.30 Recreation and Interests. 12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Arthur. 6.00 Westward Diary. 12.00 Westward Late News. 12.05 a.m. Faith For Life.

YORKSHIRE

11.05 a.m. The Last of the Curlews. 1.20 p.m. Calendar News. 5.20 Calendar. 6.00 Calendar (Emley Moor and Belmont editions).

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 11.00 Ed Stewart with the Radio 1 Roadshow from Tenby. 12.30 p.m. Newsbeat. 12.45 Paul Burnett. 2.02 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. 6.02 Sam Costa (S) (joins Radio 2). 11.00 John Peel (S) (also on VHF). 12.00-12.05 a.m. As Radio 2.

RADIO 2 1,500m and VHF

6.00 a.m. News Summary. 6.02 Colin Berry (S) including 6.15 Pause for Thought. 7.02 Terry Wogan (S) including 8.27 Racing Bulletin. 8.45 Pause for Thought. 9.02-11.30 Pete Murray's Open House (S) including 10.30 Waggoners' Walk. 11.30 Jimmy Young (S). 1.50 p.m. Sports Desk. 1.55 Good Listening (VHF). 2.02 David Hamilton (S) as Radio 1, but including on 1500m only (also 202m Scotland). 2.45 and 3.45 Sports Desk. 4.30 Waggoners' Walk. 4.45 Sports Desk. 4.50 Sam Costa (S) including 5.45 Sports Desk. 6.45 Sports Desk. 7.02 Games People Play. 7.30 Sports Desk. 7.32 A-Pickin' and A-Grinnin'. 8.02 Two In Mind (S). 8.30 Sing Something Simple (S). 9.02 Command Performance (S). 10.02 Sports Desk. 10.05 Words and Music (S). 11.02 Ruth Cubbin with The Late Show (1500m only, also 202m Scotland. VHF joins Radio 1). 12.00-12.05 a.m. News.

RADIO 3 464m, Stereo & VHF

‡ Medium Wave only

‡6.55 a.m. Weather. 7.00 News. 7.05 Your Midweek Choice, part 1 (S). 8.00 News. 8.05 Your Midweek choice, part 2 (S). 9.00 News. 9.05 This Week's Composer: Holst (S). 9.55 French Organ Music (S). 10.40 Chilingirian String Quartet, part 1: Beethoven, Bartok (S). 11.35 Words. . . . 11.40 Concert, part 2 (S). 12.10 p.m. Mid-day Concert, part 1: Debussy, Mozart (S). 1.00 News. 1.05 Mid-day Concert, part 2: Maxwell Davies, Elgar (S). 2.00 The World of Operetta (S). 3.00 Shiv Kumar Sharma: Santoor recital (S). 4.05 Bach, Hindemith and Stravinsky concert (S). 5.00 Choral Evensong. ‡5.45 Homeward Bound ‡6.05 News. ‡6.10 Homeward Bound (continued). ‡6.30 Lifelines: Language and Communication. 7.30 Proms, part 1: Bruckner, Strauss (S). 8.30 The Arts Worldwide. 8.50 Proms, part 2: Fricker, Britten (S). 9.40 Scientifically Speaking. 10.30 Jazz in Britain: The Trevor Watts Ensemble (S). 11.00 James Joyce "Finnegans Wake," part 1. 11.25-11.30 News.

Radio 3 VHF only—6.00-7.00 a.m. and 5.45-7.30 p.m. Open University.

RADIO 4

434m, 330m, 285m and VHF

6.20 a.m. News. 6.22 Farming Today. 6.40 Prayer for the Day. 6.45 Today. 7.00 News and more of Today including 7.25 VHF Regional News. 7.45 Thought for the Day. 8.00 News and more of Today including 8.25 VHF Regional News. 8.45 Whisky Galore, part 3. 9.00 News. 9.05 The Living World. 9.35 Parents and Children. 10.00 News. 10.05 In Britain Now. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Round Britain Quiz. 11.30 Thirty-Minute Theatre. 12.00 News. 12.02 p.m. You and Yours. 12.27 Brain of Britain 1976. ‡12.55 Weather, programme news VHF (except London and SE) Regional News. 1.00 The World at One. 1.30 The Archers. 1.45 Woman's Hour including 2.00-2.02 News. 2.45 Listen With Mother. 3.00 News. 3.05 Afternoon Theatre. 4.00 News. 4.05 Open School. 4.35 Story Time. 5.00 PM Reports. ‡5.50 Financial Report VHF Regional News. 5.55 Weather; programme news. 6.00 News. 6.15 Dr. Finlay's Casebook. 6.45 The Archers. 7.00 News. 7.05 The World in Focus. 7.30 Murder International. 8.00 Women of Genius are Rare: Adaptation of Robert Reid's biography of Marie Curie. 9.00 Quote . . . Unquote. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.45 A Book at Bedtime. 11.00 The Financial World Tonight. 11.15 The Strongest Influence in My Life: Jacky Gillott, journalist and broadcaster, reflects. 11.30 News.

BBC Radio London

206m and 94.9 VHF

6.00 a.m. As Radio 2. 6.30 Susie Barnes with Rush Hour. 9.03 Richard Vaughan with London Live. 11.03 Jenny Thompson and Diana Rice with In Town. 12.03 p.m. Malcolm Laycock with Call In, including 12.45 London News Desk. 2.03 Paul Owens with 206 Showcase. 4.32 Tony Fish with Home Run, including 5.00 and 6.00 London News Desk. 7.00 Jenny Thompson and Diana Rice with In Town. 8.00 Quest. 8.30 Soul 77. 10.03 Robbie Vincent's Late Night London. 12.00 Close-down. As Radio 2.

London Broadcasting

261m and 97.3 VHF

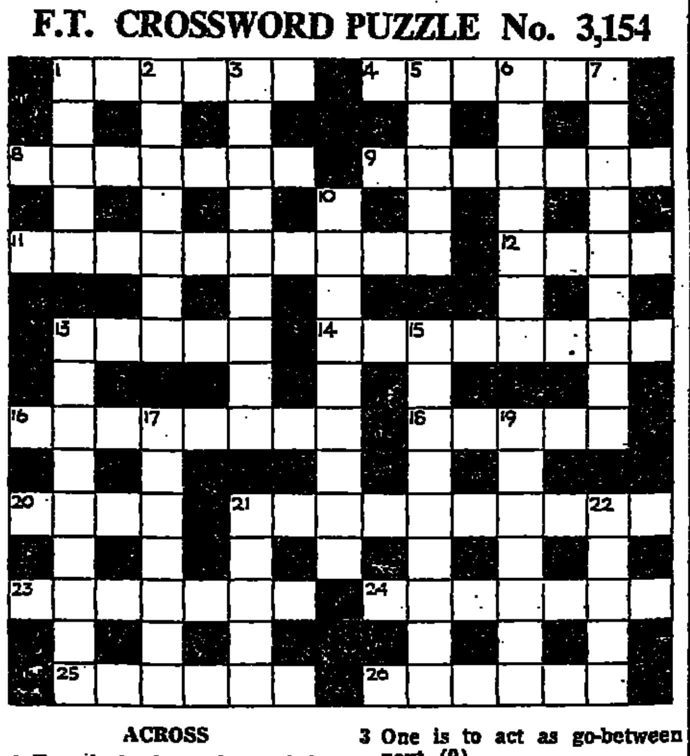
5.00 a.m. Morning Music. 6.00 "AM"—breakfast-time show. 10.00 Brian Hayes—talking to London. 1.00 p.m. Newswatch. 5.00 Newsbreak. 7.30 Jazz in Stereo. 9.00 Nightline. 1.00-4.30 a.m. Nightwatch—news every half-hour through the night.

Capital Radio

194m and 95.8 VHF

6.00 a.m. The Breakfast Show with Adrian Love. 9.00 Michael Aspel. 12.00 Dave Cash: Cash On Delivery. 3.00 p.m. Roger Scott. 7.00 London To-day. 7.30 Open Line. 9.00 Your Mother Wouldn't Like It: Capital's popular heavy rock show. 11.00 Tony Myatt: The Late Show. 2.00-6.00 a.m. Night Flight.

F.T. CROSSWORD PUZZLE No. 3,154



ACROSS

1 French leader exhausted by order to conform (4, 2)
4 Like canvas in attack (6)
8 Changes made by game official round mail boat (7)
9 Finished with deposit on quill (7)
11 Comic writer from Kings (6, 4)
12 Astonished expression quietly cut down (4)
13 Country it's fashionable to help come back (5)
14 Careless mistake with feet covered (8)
16 Harsh sounding self-starter on jet plane (8)
18 Spell as cleaner by Frenchman (5)
20 Mysterious Scots river going to Peterhead (4)
21 Beastly sale in which prices are rising (4, 6)
23 Most notable forward position (7)
24 Wickedness of sin in dry surroundings (7)
25 Distressing one sergeant-major with cruelty (6)
26 Troublesome chants to check (6)

DOWN

1 All the runners go to ground (5)
2 Heavenly sign partner gives to beast (7)
3 One is to act as go-between next (9)
5 One quarter always cut. . . . (5)
6 . . . in respect of a supporter so upset (7)
7 Save some space for holiday accommodation (5, 4)
10 Realise TV could be adjusted with all-round ability (9)
13 Injured fighting (2, 3, 4)
15 Does he get a living by lying? (9)
17 Suggested one member didn't tell the truth (7)
19 Accuse, as a rule scundly (7)
21 Thrice announced match notice (5)
22 Shocking safety device falling to the ground (5)

Solution to Puzzle No. 3,153

D	I	G	E	S	T	■	P	A	S	S	P	O	R	T
R	■	L	■	O	■	■	■	R	■	T	■	U	■	H
A	R	A	B	L	E	■	S	C	H	O	O	N	E	R
G	■	D	■	D	■	P	■	H	■	P	■	C	■	O
O	L	I	V	E	O	I	L	■	S	P	L	E	E	N
O	■	A	■	R	■	L	■	S	■	A	■	■	■	E
N	O	T	E	■	B	L	A	C	K	G	U	A	R	D
■	O	■	S	■	A	■	A	■	E	■	P	■	■	■
M	A	R	T	I	N	G	A	L	E	■	S	P	O	T
A	■	■	■	N	■	E	■	L	■	R	■	L	■	A
R	E	S	I	G	N	■	S	O	L	U	T	I	O	N
R	■	O	■	E	■	H	■	P	■	M	■	A	■	G
I	N	C	L	I	N	E	D	■	S	P	O	N	G	E
E	■	K	■	N	■	R	■	■	■	U	■	C	■	N
D	E	S	I	G	N	E	D	■	A	S	C	E	N	T

هكذا من الأحمل

Ashley Ashwood

. Sweeney, the angel, looks down on Warren Clarke in 'T Zee,' new rock musical by the makers of 'The Rocky Horror Show.' It opened last night at the Royal Court

...g's Head

Better Days, Better ...nights by B. A. YOUNG

...nchtime at the King's Head, ...er Street, offers Stanley ...ing's frivolous encounter be- ...n an Arthurian knight (Tony ...garth bulging cosily under ...mail) and a water-nymph (a ...eful Angela Pleasance ele- ... in a well-cut spray). Should ... get married? It will mean ... nymph's becoming human, ... a human's liability to ...ghter and grief.

...he debate is interrupted by ... appearance (offstage) of a ...gon, which the knight, after ...sulting his little red rule- ...k, goes off to kill. His return, ...ring the dragon's severed ...d, provokes the nymph to ...row for the dragon instead of ...miration for the knight. She ... become human, but (as any- one could have told her) humanity is not as enjoyable as she thought.

Knighthood is easy to mock, and Mr. Eveling mocks it amusingly though without much originality. Mr. Haygarth's knight wears his chivalry with the assurance of a silk hat on a Bradford millionaire, but why he should want to pursue his intention to marry the nymph when Miss Pleasence makes her so querulous is one of those mysteries that only chivalry can explain.

Max Stafford-Clark is the director, and the designs (a knightly black-and-white backcloth and a truly splendid dragon's head) are the work of Kate Owen and Bob Ringwood.

...lizabeth Hall

Mendelssohn and Schumann

The South Bank Summer Music ... Monday was the first of four ...ncerts devoted to chamber ...rks of Mendelssohn and ...humann, many of them less ...ten heard than they deserve. ...ch programme consists of ...rks for pleasingly varied ...ces (anything from two to ...ht players), with the excellent ...rmeer Quartet involved in ...ery concert. This time the ...ity fell to them—Mendel- ...hn's posthumous op. 81, four ...artet movements bundled to- ...her by a publisher. Without ...rning, but with perfect justifi- ...ion, the Vermeer Quartet ...itted the last one (in fact an ...ly piece, and in a wildly un- ...ated key). The others are a ...iation movement, in which ...uko Imai's singularly beauti- ... viola-sound came to the fore, ... another of Mendelssohn's ...iry" scherzos (but less strik- ... than most), and a fine ...riccio with a purposeful ...si-fugue.

...urray Perahia joined three- ...rters of the Vermeer team for ...umann's Piano Quartet, op. ... One thinks of its piano part ...less domineering than that ... the familiar Quintet: Mr. ...ahia does not domineer, but ... tender care with which he ...lled his singing line seized ... ear irresistibly. Besides, the piano was fully open—and he uses the pedal lavishly. In the development of the Allegro he made wonderful play with some pre-echoes of Fafner, yawning tritones in the bass line, and in the Andante he matched the candid sentiments of the violin and cello. The Mendelssohnian Scherzo was held together by effort; the contrapuntal material of the Finale sounded too different in Perahia's liquid handling from its crisp treatment by the strings. The whole performance had a winning spontaneity.

The evergreen Mendelssohn Octet ended the concert, played with immense verve by the Academy Octet. They bore the "con fuoco" of the opening movement firmly in mind, and seemed to take it in a single, breathless span, led — more, pressed on — by the febrile violin of Iona Brown, whose *spiccato* forays into the ledger-lines were brilliantly sharp and exact. The explosion of scales from which the recapitulation soars came within an exciting hairsbreadth of the point of no return. The other movements were no less exhilarating, all eight parts full of energetic life, and risks triumphantly braved. If the rarer Mendelssohn works to come get performances of like conviction, they will make a feast.

DAVID MURRAY

...und House/Radio 3

London Sinfonietta

...wo song cycles of the last ...de were performed at Mon- ...'s late-night Prom, each rich ...modern poetic significances, ... drawing on antique forms, ... in its own way reward- ... and beautiful. Elisabeth ...ens' *and suddenly it's eve-* ... (1967) for tenor and 11 ...uments is one of her most ...essful and familiar compo- ...ns, a comparatively fre- ...t visitor (by Lutyens ...dards, at least) to the ...ns. A modern motet, framed ... ritornelli of instrumental ...ows and whispers, inter- ...ed by an auster Stravinskyan ... of trumpets and trom- ...s, it fixes the attention on ... Quasimodo poetry above all ...be nocturnal purity of the ... line.

...rrison Birtwistle's *Meridian* ...-71), for female choir, ...umental ensemble and solo ...p of mezzo-soprano, cello ... horn, as striking in its ...acteristic compound of ...y and voluptuous sonorities ...e Lutyens in its spareness, ...'s as distant reference-point ... century dance music—one ...ral instrumental episode ...ars as a madly instru- ...ted galliard. In powerful ...generating sequences, musi- ...images proliferate in visions ...atural growth and awakened ...tion, much as the form inter- ...es the poetry of Thomas ...tt and Christopher Logue. ...ramme proximities often ...oke artificial comparisons, ...ly unhelpful; a gratifying ...t of similarity in both ...es, for all their differences, ...e particular sensitivity and ...uence of the vocal line— shadowy and discreet in the first, fertile and ecstatic in the second.

Under Simon Rattle the London Sinfonietta gave a cogent account of *Meridian*, sharply focused and vividly coloured. Birtwistle's syllabic permutations, the only element in the piece that strikes a doubtful note very robustly attacked by the Sinfonietta Chorus: Sarah Walker, without the tonal fecundity of a Christa Ludwig, achieved marvels of sensuous, fine-grained expression, rapturously partnered by Anthony Halstead (horn) and Jennifer Ward-Clarke (cello). By contrast, the Lutyens piece was somewhat cavalier in delivery. Vital dynamic gradings were ignored; the instrumental phrasing tended to thrust rather than insinuate; and Gerald English, with little "real" tenor tone, was a clear, unpoetic, rather ungrateful singer. (Next time round, Mr. Ponsonby should consider inviting Lusiano Pavarotti or José Carreras to give us the alternative Italian text.)

To these rich examples of modern lyricism, the opening work of the evening, Barry Guy's new *Songs from tomorrow* (a BBC commission, first given in Munich last year) provided an unhappy overture, rich only in music-theatre happenings, programme-note significances and tomfoolery. As Mr. Guy has on previous occasions shown himself a composer not without merit, it might be kindest to pass over the whole tedious business in silence. But what must listeners to the broadcast have made of it?

MAX LOPPERT

Little Theatre

Hughie

by MICHAEL COVENEY

For one week only this busy venue offers the chance of catching up on one of Eugene O'Neill's greatest short plays, written in 1942 as part of the cycle of one-act pieces the playwright planned and began to execute under the working title of *By Way of Orbit*. As a small companion piece to the mighty *The Iceman Cometh* (1946), *Hughie* makes for a fascinating hour-long entertainment. Jason Robards played the monologue recently in New York, and this performance is the first given in England.

The scene is the night desk of a seedy New York hotel, to which one of the regulars, Erie Smith, returns after "a long drunk" to celebrate the death of Hughie, the old night porter. His replacement sits mournfully on duty while Erie laments Hughie's departure and uses him as a sounding board for a session of hyperbolic rambling that delays an inevitable and lonely climb to room 492. Erie's tales are as much an escape from reality for the teller as they were, we gather, for the poor devil behind the counter whose miserable life he flatters himself with having illuminated. The broads, the gambling big shots, the Southern races, the Broadway razzmatazz—all the good times at which one can only imagine Erie being a fringe participator are the stuff of which late-night boasts are made. And the poor sap, Hughie, sat patiently listening before sliding to oblivion.

Half-way through, Erie starts to make for his room, but is momentarily saved by a flickering response from the new man. "Hughie liked to kid himself he was my pal," splutters the phoney dream-merchant as he moves in on the replacement Hughie with a tale of a huge laurel wreath he sent to the funeral and digs in his pocket for the dice. Dennis Pfister is far too young for the part, but he gives a cleverly varied delivery to the barely interrupted monologue and successfully sketches a portrait of a man on the run from himself.

St. Augustine's, Kilburn/Radio 3

English Choral Music

by PAUL GRIFFITHS

Choir and brass ensembles were the forces assembled for Monday's short Church Prom, but this was not one of those jubilant Venetian evenings. Instead the programme was of English music, most of it sacred, and so the glories were of a rather different kind: only Byrd's cheerful little motets *Laetentur coeli* and Gibbons' *O clap your hands* interrupted a sequence of quiet, pious music which ended in the deep gloom of Purcell's funeral music for Queen Mary II. At the very start the note was set by the Philip Jones Brass Ensemble in Britten's Fanfare for St. Edmundsbury, which must be the least exultant fanfare ever written, archaic in its exposed melodies and sublimely disinterested when they are combined.

The earliest work of the programme and the greatest was the *Stabat mater* by John Browne, a late 15th-century composer of whom next to nothing is known. It is tantalising to have a masterpiece by a man so obscure, but we are thus obliged to accept the music without any associations, except perhaps with the perpendicular architecture of Eton Chapel, in whose choirbook the work was written down. Browne's music is indeed profusely ornate in the manner of English building of the time; it is brilliant and varied in its handling of a six-part choir, and Browne allows his musical invention to run wild in the finials to most of the stanzas. Just as effective, however, is his intense sympathy with the lamenting, penitential text. The BBC Singers, conducted by John Poole, seemed at first to be making too much of this to the detriment of clean ensemble, but the performance soon pulled itself together and became a moving exposition of this strange and marvellous work.

Poole and his choir showed more of their fine feeling for style in the other unaccompanied pieces, the Byrd motet and two Psalm settings by Gibbons. The key to their success is surely a matter of rhythm: they can cause polyphony to flow seamlessly without messy fluctuations in tempo, and yet they can also display the joyous kinship with dance in such a piece as *O clap your hands*. A similar rhythmic finesse would have been welcome in the brass group's account of a fantasia by Byrd, where squareness and plodding accent made the music more pompous than need be. Perhaps, however, the whole notion of playing renaissance music on modern brass instruments is at question here.

The Purcell sequence also suffered from some unfeeling brass playing in the funeral march and canzona composed for the queen's cortège through the streets of London. There is no justification for giving these pieces with, as sandwich filling, the anthem used at the ceremony in Westminster Abbey, except that they make a nice group. Here, however, brass doubling the voices spoilt the intimate regret of the anthem, though nothing was more disruptive than the heavy drumming added to the march.

Aix-en-Provence Festival

Director's opera

by ELIZABETH FORBES

The operas presented in the Théâtre de l'Ancien Archevêché at this year's Aix-en-Provence Festival are two of the best known and most popular ever written: *La traviata* and *Don Giovanni*. For this reason, perhaps, the respective directors have felt obliged to seek unusual angles for their productions, as if festival audiences might be bored by plain, unadulterated Verdi or Mozart.

Jorge Lavelli's basic premise for his *Traviata*, that Violetta is held prisoner by a society hermetically sealed off from outside influence, is perfectly acceptable, if not exactly original; Max Bignens's box-like permanent set, all polished mahogany, has the right claustrophobic feeling about it. But the square, white lace mosquito net that represents the country retreat of Violetta and Alfredo and the pavilion in which Flora holds her gaming salon are less successful. At the end, too many questions remain unanswered: why are a number of grotesque street-walkers allowed into the exclusive world of the *grandes horizontales*? What is the meaning of the ballet in which a symbolic Violetta is stabbed three times in succession (by Alfredo, his father and the Baron)? Why does Violetta die standing bolt upright, downstage centre?

Sylvia Sass is a very gifted young singer, but I find her Violetta curiously unmoving. The first act betrays the gaps in her technique and even one or two rubbed patches at the top of the voice; she is best in the scene at Flora's party where her plight engenders a real pathos; and it is only fair to say that her performance was rapturously received. Yuri Masurok, who has possibly the most glorious voice of any baritone alive to-day, sings the elder Germont's music in a monotonously — and unnecessarily—loud and insensitive fashion, chopping up his phrases and taking a breath in the middle of words. Gyula Littai makes a pleasant but scarcely memorable Alfredo; his Italian is even less idiomatic than that of his chief colleagues. Michel Plasson conducts the chorus and orchestra of Capitole, Toulouse, with stolid efficiency.

The *Don Giovanni* is realised by a triumvirate — Patrice Cauchetier, Jean Dautremay and Jean-Pierre Vincent—that presumably holds joint responsibility for production and sets. A firm, guiding hand to give stylistic coherence to the staging is conspicuously absent. Some pieces of statuary on a grassy bank do duty as background for much of the action, but where a statue is actually required, for the Commendatore's grave, only a rough block of stone is provided, without a head to nod in response to Don Giovanni's invitation to supper. Do directors not read the text, or do they bank on the incomprehension of the audience? Either way I find it insulting.

Richard Stilwell will one day make an exceptional Don Giovanni; in this production his usually strong personality seems somehow diluted. He has an unusually light, high voice for the role, but it contrasts well with the darker timbre of Stafford Dean's genial Leporello. Yasuko Hayashi, a self-possessed Donna Anna, sings well but without much involvement; Elena Mauti-Nunziata, though her tone is apt to curdle, attacks Donna Elvira's music with great spirit. Sylvia Lindenstrand is a tomboyish Zerlina, while Robert Lloyd doubles as an excellent Masetto and a fair Commendatore (he is hampered in the latter role through having no stone-wear).

Martin Schomberg, a weak Ottavio, is not helped by the ordering of the numbers after the churchyard scene, with Anna, Ottavio and Elvira giving a macabre concert beside the Commendatore's unburied coffin. Nor does this sequence aid Jesus Lopez-Cobos, the conductor, in securing an integrated performance.

Other, happier events at Aix have included a recital by Grace Bumbry, who sang a thoughtfully chosen selection of Brahms and Strauss Lieder, and gave a glowing account of Berlioz' *Les nuits d'été*. Her voice, sumptuously resplendent in the middle register, thinned a little at the top, but regained its fullness in Chimène's aria from Massenet's *Le Cid*, which she gave as an encore. At an enjoyable concert in the Cathedral of Saint-Sauveur Serge Baudo and the Orchestre de Lyon with the Choir of the University of Paris-Sorbonne performed Puccini's engagingly youthful *Messa di Gloria*. The admirable soloists were Alain Vanzo and Philippe Huttenlocher.

Theatre company for Humberside

Lincolnshire and Humberside Arts Association confirm that a new company to be run by the regional arts association to provide a regular service to civic theatres and arts centres, will take its first production on tour from the beginning of October.

The association has been given a special grant of £20,000 from the Arts Council. Yorkshire Television has also offered a grant of £500.

Television

Off beat off-peak

by CHRIS DUNKLEY

Wimbledon has been and gone, the Olympics are over, and ITV's big push against the BBC's sports blockbusters has petered out. Early hopes of a revitalised summer on television have been only partially fulfilled and the schedules are beginning to look ominously like their familiar old midsummer selves with an awful lot of space being filled by parcels of old movies tied round with strings of repeats.

Significantly the covers of this week's issues of both Radio Times and TV Times feature pictures not from television programmes but of men who are starring in old cinema movies: Dirk Bogarde and Kirk Douglas.

However, if you are willing to poke around in the schedules and switch channels a bit—particularly in the very early and very late parts of the evening—it is possible to find engrossing television, some of it surprisingly offbeat, and quite a lot of it in new if short and minor series. Here is a guide to some of it.

To-night

Man And Boy (BBC 1). Another series from Bristol in which we spend as much time watching the watchers as we do watching the animals and plants over which they enthuse. *In Deepest Britain*, Bristol's last such series, worked well because the observers were all un-intrusive and all utterly expert. *Man And Boy* is less certain of success because the boy, Simon King (son of the programme's director, John King), is as it were apprenticed to the man, Mike Kendall, and their relationship and ancillary activities such as drawing and walking to or from their Land-Rover threaten to detract from the main business of nature watching. Perhaps this is supposed to sugar the pill for young viewers (it is shown at 6.50) but none of the children I know consider nature programmes as pills needing sugar. My two, at six and four years, were fascinated by Sunday's *Survival* from Anglia, for instance, on life in deep oceans though it contained no pious children asking leading questions.

Look Stranger (BBC 2). The value is as good as ever. René Cutforth's last edition, on the team of crown jewel fakers in Covent Garden, was tself a little gem of a programme. To-night he meets a painter of shire horses .

Beauty is in the Eye (BBC 2). An intriguing series of ten-minute programmes about concepts of beauty in various societies. In the first a Sri Lanka girl took endless pains preparing herself for her wedding and then stepped out into a Wimbledon street!

The War Lords (BBC1). If you like A. J. P. Taylor's lecturing style you will like this series about the leaders of the 2nd World War—Hitler to-night—and if you don't, you won't. I think he is a TV natural.

To-morrow

Three new BBC programmes are making Thursdays the best television night of the week: *Word of Mouth (BBC2)*. A whole series studying the subject of speech patterns and dialects which was first explored in a single edition of *2nd House*: last week Scotch accents (no, it is *not* just the drink), this week cockney.

The Risk Business (BBC1). More spin-off, this time from *To-morrow's World* which has always looked at new inventions.

Alain Stivell in 'So it goes' (Granada)

This new series goes a step further and looks at the development and marketing of new ideas.

Sailor (BBC1). Contriving to do for the Royal Navy what *The Family* did for the Wilkins of Reading: observe and record life in all its nice (and not so nice) detail.

Friday

Again it is the BBC that makes the evening worthwhile with an early programme of children's drama and one of children's music, followed by two plays later on.

It's Childsplay (BBC1). An idea which is (to me anyway) completely novel and completely admirable: short plays by writers who are 16 or younger are acted by magnificent casts which, in the first of the series, included Jean Anderson, Alfie Bass and Morecambe and Wise. Eric and Ernie introduce the programme each week, and act in one of the plays; *The Catch*, by Lois Sayer, was one of the funniest sketches I have ever seen them in. If, as is claimed, these works really are produced word for word as the young people wrote them, then the BBC has found a truly impressive header tank of new talent.

Settle the Score (BBC2). Music from a variety of school groups. Last week (first of seven programmes) we heard a remarkably young steel band from Elmwood, a terrifyingly professional wind quintet from Bedales, and a *very* strict tempo dance band from Bexley. Once again, as with the nature series, we are assumed to be incapable of taking the subject straight and making our own judgments on the music which is swaddled in chat from a panel of three. More music, less waffle, would be even better, but it is an original and revealing series all the same: who would have guessed at such a variety of musical expertise in our schools?

Centre Play Showcase is another in BBC2's regular series of plays by first-time playwrights. As might be expected, the plays vary from the very good to the somewhat inept.

A Divorce (BBC 2) is a three-part play by Fanny Galleymore which, like too much recent television drama, makes me wonder whether it was the entertainment of the audience that was uppermost in the playwright's mind when she sat down to write, or some form of self therapy. Which is not to say that it lacks good acting and convincing situations.

Saturday

As so often in the past, Saturday is the night to go out. At least, that appears to be what the schedule writers believe. Last week, wondering whether there was anything worth watching before going to the theatre, I tried ATV's *Nobody Does It Like Marti* and London Weekend's *The Sweepstakes Game*, and it will be a long time before I try them again. The title of *Nobody Does It Like Marti* says all but one word of what needs saying, and the word is "mercifully." *The Sweepstakes Game* is an extraordinarily convoluted quiz in which "guests" bet, at odds reckoned by the audience, on whether a "celebrity" can answer a given question correctly. Last week most of them could not. Nor could the guests.

Sunday

Generation To Generation (BBC 1). A new series which, though not specifically "religious," qualifies for the Sunday evening slot because it is about the morality, or values, or ethics passed on from one generation to the next. Joan Bakewell interviews a parent and a child to discover their separate views on the child's upbringing. It is good to find someone asking intelligent questions as though she is genuinely interested (which I am sure she is) in the answers.

The Jay Interview (London Weekend) There must be a formula allowing for the serious discussion of political philosophy on television, but this doesn't seem to be it. Apart from anything else, it is far too demanding to be running through midnight on a Sunday.

So It Goes (Granada) Billed confusingly as *Rock Festival* in TV Times, this follows *The Jay Interview* and is much better suited to its slot, being one of the better collections of rock music seen on television, interspersed with rather dotty jokes, skits, and parodies.

Monday

Great Alliance (BBC-1) Another animal series from Bristol, this time tracing the relationships between man and four working animals. The ox was the first, and farmer Joe Henson was found popping up all over the place from Africa to Nepal to show us the different ways in which the ox has been used. This week it was the camel. The elephant and the horse are to come.

This Is Waugh (ATV) A three part series (two to go) in which, as disclaimers at the beginning and end of the programme and in TV Times emphasise, Auberon Waugh expresses an opinion. In part one he abandoned a promisingly bull headed — if barmy — attack on the poor for the sake of two squabbles, one with dockers and the other with unemployed men in a pub. A mistake in each case since he was made to look silly on both occasions.

Tuesday

Another suitable evening for going out. Only *Illusionists* (BBC2), which so far has been about all sorts of conjuring, offers anything out of the ordinary.

Further heavy increase in W. German money supply

BY GUY HAWTIN

FRANKFURT, August 10.

THERE was a heavy increase in the rate of expansion of the West German money supply in June, according to the Bundesbank's August report, published to-day. It increased at double the average rate of the preceding five months.

The Federal Republic's Central Bank stated that, excluding seasonal influences, the money supply M3—cash, rights deposits, time deposits under four years and savings deposits—rose by DM6bn. (£1.32bn.) in June. This compares with a DM4bn. (£879m.) increase in June and a rise of DM3bn. (£659m.) in April. Furthermore, the increase was measurably higher than the DM2.5bn. (£549m.) monthly expansion rate recorded in the first quarter.

On a yearly basis, the Bundesbank estimates that the money supply in the second quarter showed a growth rate of 11.5 per cent. against a first quarter expansion of about 6 per cent. The comparable figure for June last year was 11 per cent.

According to the report, the powerful acceleration of monetary growth was particularly marked in cash and sight deposits, which in the second quarter rose by 20 per cent. Time deposits also went up by 15 per cent.

Even more than in the previous two months, June's growth was attributable to the strong expansion in the West German banks' credit advances to domestic customers. Credit from the institutions—including securities—expanded by close on DM13bn. (£2.86bn.).

Substantial credit expansion at this time of year was by no means unusual, although it had never before been so strong, the report comments. In June, 1975, it went up by DM8.5bn., while the year before it rose DM11bn.

The impetus had come from a powerful surge in credit demand from industry and private consumers. In the month under review, new bank credit totalling DM11.5bn. (£2.53bn.) had been taken up, compared with DM5.5bn. (£1.21bn.) in the same month of 1975.

Of this, DM8.5bn. (£1.87bn.) was short term credit, said the report. Long term direct credit to the private sector totalled nearly DM3bn. (£659m.) and this was measurably higher than the DM2bn. (£440m.) a year earlier.

The strength of credit demand could be gauged from the first half figures which showed that domestic industrial and private customers had taken up DM24bn. (£5.27bn.)—close on five times higher than the DM5bn. (£1.1bn.) recorded in the first half of 1975.

Some four-fifths of the credit granted in the first half of the year was in the form of long term direct credit. Strong increased demand for short term credit was first noted in June.

● OIL DEMAND in West Germany rose by about 8 per cent. to 61m. tonnes in the first half of 1976, according to the Federal Republic's Oil Industry Association. Consumption, however, remains a good 10 per cent.—7m. tonnes—lower than in the pre-oil crisis first half of 1973.

Demand for most important products, such as crude benzine, diesel oil and fuel oils, remains well under 1973 levels. Only motor spirit sales are up on pre-oil crisis figures, with West German motorists buying 6.4 per cent. *more petrol than in the* first half of 1973.

The economic upturn in the chemicals industry has produced a welcome 60 per cent. increase in demand for crude benzine. However, the Association points out that demand fell by 40 per cent. during the first six months *of 1975.*

France eases controls on investment overseas

PARIS, August 10.

THE FINANCE MINISTRY has issued a circular modifying the controls on direct investments by French residents abroad and by non-residents in France.

The circular, effective to-day and *published in the Official* Journal dated August 8, raises to Frs.3m. from Frs.1m., the amount of direct investment French residents may make abroad without prior Treasury authorisation.

The circular requires residents with direct investments *abroad, whether or not these* required prior authorisation initially, to submit to the Treasury annual balance-sheets, operating accounts and profit and loss accounts of foreign subsidiaries or branches.

French residents will in future have to notify the Treasury *of any changes in the* capital structure of and shareholdings in their foreign affiliates, as well as any major changes in a subsidiary's activity, it said.

Foreigners wishing to repatriate proceeds of liquidating direct investments in France mainly connected with property *must submit justifying documents to the Bank of* France if the amount is over Frs.1m.

The circular requires shares or other documents representing the participation of a resident in a *direct investment* abroad to be repatriated to France or held abroad by an approved *intermediary*.

The circular extends the definition of direct investment to include companies whose principal activity is to arrange finance

Reuter

Protests as Gen. Spinola returns to Portugal

BY PAUL ELLMAN

LISBON, Aug. 10.

EX-PRESIDENT Antonio De Spinola returned suddenly to-day to Portugal 17 months after fleeing the country in the wake of a failed right-wing coup.

His return sparked a storm of protest *from the* Communist Party and the revolutionary left but spokesmen for the Government and the main opposition parties indicated he was welcome to come home so long as he was prepared to face the possible consequences.

General Spinola flew into Lisbon on a scheduled flight from New York and, according to eyewitnesses, stepped off the aircraft in a sombre business suit, his eyes shaded by dark glasses instead of the more familiar monocle.

He was greeted by police and army officers who immediately whisked him from the airport to the fortress prison at Caxias, on the outskirts of the city, for questioning.

Official spokesmen confirmed that a warrant issued for Gen. Spinola's arrest after the abortive coup attempt on March 11 last year was still in force. The authorities have 48 hours in *which to decide whether* he should be charged or not.

The 66-year-old General's return provoked a flurry of speculation in political circles here, where it was noted that it coincided with the closing stages of a five-day parliamentary debate on the programme presented by the new socialist minority Cabinet headed by Dr. Mario Soares.

The Communist Party weighed in early with a statement alleging that Spinola's return would give "new impetus and arrogance" to those who opposed the "gains of the Revolution."

The sole Deputy of the far-left Popular Democratic Union (UDP) tried to have the National Assembly suspend its debate on the Government's programme to debate a motion calling for *Spinola to be put on trial* but was defeated overwhelmingly, with Communist members abstaining.

General Spinola has been the favourite whipping boy of the Communists and the far left since he was first driven from the Presidency after only five months in September 1974 and then into exile last year.

During last June's Presidential election campaign, Major Otelo Saraiva De Carvalho, the far left candidate, alleged that General Ramalho Eanes was a stalking horse for General Spinola, referring to the current President as "another Hector Campora" in a reference to the Argentine politician who held on to the Presidency until Juan Peron could return.

Whatever the truth of the Left's allegations, the unexpectedly early return of General Spinola is likely to add to the difficulties President Eanes is encountering from a newly-resurgent right wing within the Army.

Right wing officers have lately circularised units voicing complaints about the allegedly left wing bias of the current regime and there have been signs of moves to oust leading moderate left wingers from the military's Revolutionary Council.

General Spinola's return also coincided with a round-up of right wingers allegedly implicated in terrorist bomb attacks. Ten people are currently detained in the Caxias Prison

East German report on border death

EAST GERMANY has given Italy the report it requested on the killing of an Italian truck driver on Thursday at a highway border checkpoint, an Italian Embassy spokesman said, reports UPI from Berlin.

He said the East German Foreign Ministry gave the report to Ambassador Behmann Dell 'Elmo on Monday.

The truck driver, Benito Corghi, 38, a member of the Italian Communist Party, was shot and killed by an East German border guard at an East German checkpoint on the East-West German border.

The Neues Deutschland, official Communist Party newspaper, said on Monday that "a tragic chain of circumstances caused his death." It gave no details.

Meanwhile, East Germany *said tonight it will* release West German Willi Bubbers, shot and taken away by border guards last month when he crossed into East German territory near Ratzeburg while on holiday with his family. A West German spokesman said East Germany would not proceed *against 50-year-old* man.

Seveso warning

Pregnant women living near Seveso, in Italy, were officially warned yesterday that they might give birth to deformed children, reports Reuter from Seveso.

The Regional Health Commissioner Professor Gaetano Maria Lara told a Press conference that there was no reliable medical evidence available on the dangers to pregnancy posed by dioxin, the toxic substance released in the atmosphere *from a factory last month*. But he said there was a possibility that pregnant women were running the risk of delivering deformed babies.

Danish delay

Denmark's Social - Democrat *minority Government* has decided to delay a Bill to give the country nuclear power, reports Reuter from Copenhagen.

The decision is almost certain to hold up plans for Denmark's first atomic power station, due to have become operational by 1985. The Bill also contained proposals for five nuclear power plants by the mid-1990s.

Soviet approval

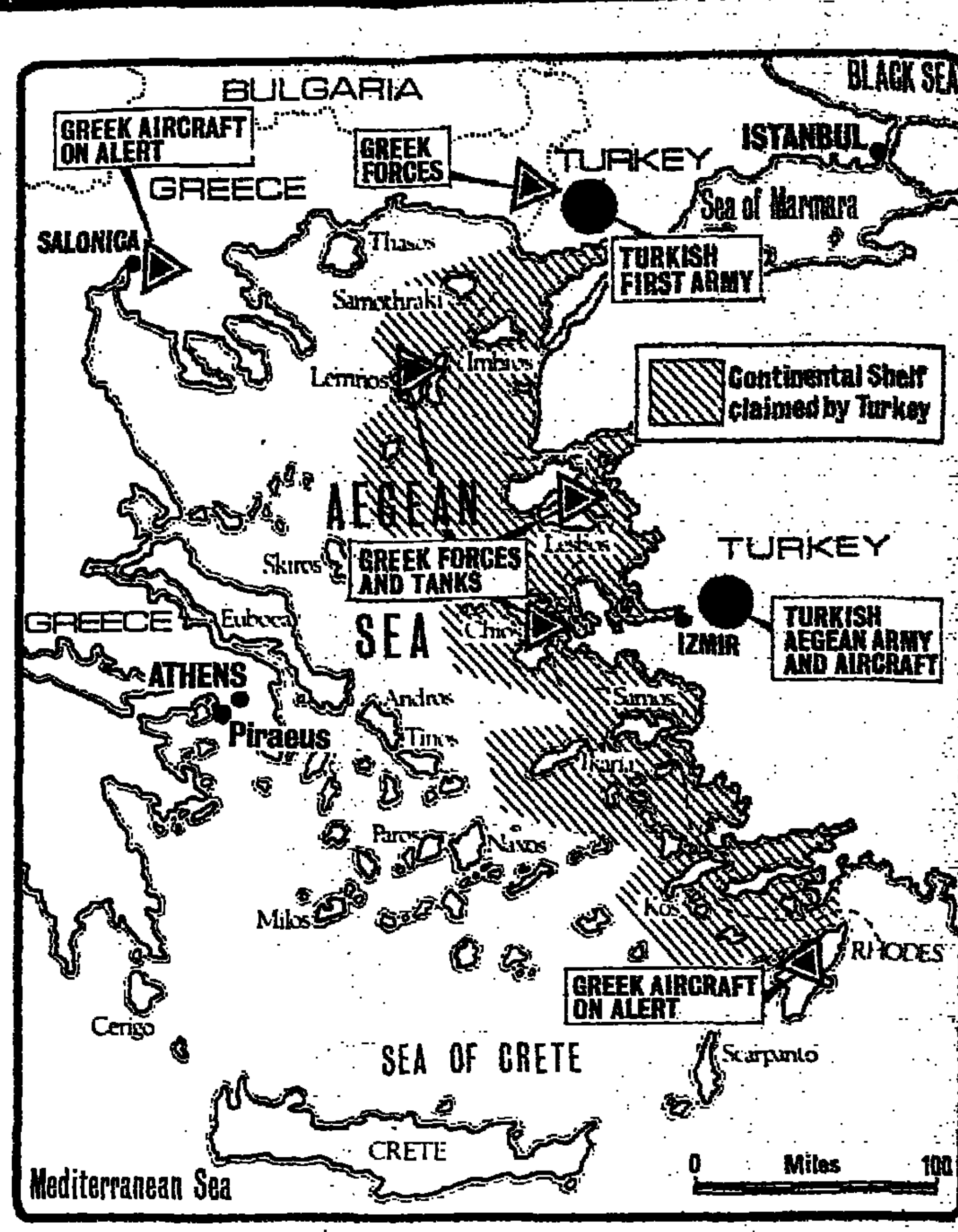
THE Soviet Council of Ministers yesterday approved and proposed for Parliamentary ratification two pacts with the U.S. on underground nuclear weapons tests and nuclear explosions for peaceful purposes. Tass reported, according to AP-DJ in Moscow.

One pact, signed in July, 1974 in Moscow by Communist Party Leader L. Brezhnev and President Nixon, committed the two countries to stop underground nuclear weapons tests of more than 150 kilotons.

Spanish amnesty

About 100 of Spain's estimated *630 political prisoners* have been freed from jail under the amnesty decreed by King Juan Carlos last week, prison officials said yesterday, reports Reuter from Madrid.

As tension between the two Aegean nations continues to build over their claims to the Sea's possible mineral wealth. **Our Athens Correspondent** reports on the Greek position, and, below, **Our Ankara Correspondent** gives the Turkish view.



Fear of military stranglehold

GREEK PREMIER Constantine Karamanlis's decision to appeal to the UN Security Council and *the International Court of* Justice at The Hague are his last peaceful trump cards before facing Turkey by armed force.

With relations between the two hostile neighbours at razor's edge, the Greek Premier has obviously weighed the unpredictable consequences of a war which would be a political, economic and social setback for the country. Greece may stand to lose much more than Turkey in a military confrontation.

The Greek armed forces are far better equipped to-day and at a higher morale than they were two years ago at the collapse of the military junta. Since *July 1974*, when *Mr. Karamanlis* was recalled from self-exile to take the helm, he has seen to it that the Greek armed forces are supplied with up-to-date equipment, with more than a quarter of the state budget being devoted to defence.

In the past year Greece has *launched* at *Mr. Karamanlis's* initiative a wide-scale campaign to enter the EEC and create openings in the Balkans and in the Arab world and it has no intention of jeopardising its newly won international prestige by getting involved in a military adventure with Turkey.

Greece has therefore opted for the diplomatic route in order not to appear as the aggressor but as the victim of Turkish intransigence.

The Aegean issue is vital for any Greek government because it seems apparent to the Greeks that if Turkish exploration rights are arbitrarily established by Turkey west of the Greek islands off the Turkish Anatolian coast these islands would be strangled and rendered militarily helpless. In time, it is believed, they would thus be prey to Turkish aggression.

The issue therefore is not only one of oil exploration, especially since the mineral riches of the seabed are still unverified, but more so one of preserving the integrity of important Greek territories.

Although Mr. Karamanlis has chosen the peaceful diplomatic route, he is under pressure from Mr. Andreas Papandreou, the leader of the Pan Hellenic Socialist movement, and certain junior army officers, to call Turkey's bluff and risk a military confrontation.

Mr. Karamanlis thinks that this policy is a reckless one, as any hostilities would mean a setback for the country politically, diplomatically and economically, but it is uncertain whether he will be able to ignore such pressures *if Turkey maintains* its present tactics.

Mr. Papandreou appears to have caught the public mood and sense of dignity. The average Greek would rather go to war than be humiliated by the Turks, whom he has been taught from his schooldays to consider as "national enemies."

Mr. Papandreou harps on the argument that this is a big power game run by the United States and Nato in order to reassert Washington's dominance in the area, where it wants to be the arbiter.

The Red-Carpet treatment given to former Turkish Premier Bulent Ecevit during his recent visit to Washington has further convinced the Greek people that the Ford Administration, especially U.S. Secretary of State Henry Kissinger, lean in favour of Turkey when it comes to disputes with Greece.

The Greeks have not forgotten that it was Mr. Ecevit who ordered the invasion of Cyprus, which resulted in the occupation of 48 per cent. of the island. And, right or wrong, they have not stopped believing that Turkey would not have dared without Washington's consent.

Playing second fiddle to Mr. Papandreou, Mr. George Mavros, the leader of the Union of the Democratic Centre (the main opposition party), has urged the Government to break off negotiations with the U.S. on the future of American military bases in Greece.

He has accused the U.S. and Nato of standing by as spectators while Greece and Turkey, nominal Nato partners, go for each other's throat.

Mr. Karamanlis obviously cannot overlook the criticisms, to which he will probably have to align himself as a last resort if peaceful means fail.

An imbalance of power

IN ANY armed conflict the balance of advantage, in terms of the quantity of men and material, would be with Turkey. Figures published by the International Institute for Strategic Studies in its Military Balance last year put the total *Turkish armed forces at* 453,000 men, against only 161,200 for Greece. Turkey had 292 combat aircraft, against Greece's 250, and the Turkish Navy had more submarines, destroyers and patrol boats — in addition to more than 50 landing craft, which the Greeks fear could be used against the Aegean islands. The Turkish Army, with 365,000 men, was three times larger than the Greek Army. Turkey had one armoured division, two mechanised infantry divisions, [illegible] *infantry divisions*, four armoured brigades, three mechanised infantry brigades, five infantry brigades, one parachute brigade, two armoured cavalry regiments and three surface-to-surface battalions with Honest John

Ruling on the continental shelf 'should ignore islands'

BEHIND the latest crisis between Ankara and Athens lies Turkey's determination to share the *economic and strategic spoils of* the Aegean Sea with Greece, preferably through peaceful means but if necessary by war.

Seen from Ankara the dispute dates back to 1974, when two events made a deep impression on Turkey and contributed to the Aegean crisis.

The first was Greece's discovery of commercially exploitable deposits of crude oil and natural gas in the northern Aegean. This induced Turkey, which spends about 70 per cent. of its total export earnings on the import of crude oil, to invoke its dormant claims on the Aegean's continental shelf.

The other event was the then Greek junta's attempt to annex Cyprus, the toppling of Cyprus President Makarios and Turkey's subsequent invasion of the island. Greece quickly replaced the Soviet Union as Turkey's arch-enemy and Ankara began laying great emphasis on free movement in the Aegean as a major issue.

For the Greeks the Turkish claims, coming after about 50 years of inactivity, were a nasty shock. Predictably they reacted firmly. Greece has 3,054 islands and islets in the Aegean (Turkey has two), of which 34 per cent. is claimed as Greek territorial waters, while 8.6 per cent. is claimed to be Turkish waters.

Athens rests its case on the Geneva Convention of 1958, which allows a continental shelf not only to the mainland but also to islands. If Ankara were to accept this, Turkey argues, all the Aegean beyond Turkey's territorial waters would become a Greek continental shelf since it is dotted with Greek islands.

Turkey does not uphold the Geneva Convention and maintains that the Aegean should be treated as a special case because of the smallness of the Greek islands and their proximity to the Turkish coast. Turkey argues that the Greek islands themselves *rest* on the natural extension of the Anatolian mainland. Therefore, it claims, the boundaries of the shelf must be delineated without taking into account the islands but the natural extensions of the mainlands of Turkey and Greece.

Greece has added new dimensions to the Aegean problem by putting troops on the Dodecanese islands. The Turks claim this is violation of international agreements by moving troops and hardware within miles of the Turkish coast.

Another dimension to the problem is the controversy over the control of air traffic over the Aegean which has resulted in the closure of the air space since 1974.

Prime Minister Suleyman Demirel's decision to send the state survey vessel, Sismik 1 Hora, into the Aegean brought the crisis to a head and disrupted the talks that were being held on the shelf and airspace. ("No talks *as long* as the Hora is in the Aegean," a Greek diplomat told the Foreign Ministry frankly.)

The ship's presence in regions Greece considers to be under its sovereignty showed that Mr. Demirel is determined to continue pressing Turkey's economic claims in the Aegean. The seismic soundings are the first step in revoking Greek claims to the Aegean. In this, Demirel has the full backing of the Turkish public, which, egged on by traditional anti-Greek feelings, will not tolerate anything resembling a Turkish climbdown.

Turkey has granted its oil company, TPAO oil exploration permits ranging over 3m.Ha in the disputed areas. Perhaps the best indication of Turkish determination to press ahead in the Aegean is that TPAO yesterday applied for five new Aegean permits.

The Greeks, who probably realise the difference between making a fuss and waging a war which (in Turkey's opinion) they are bound to lose, yesterday decided to refer the problem to the U.N. Security Council and the International Court of Justice. This gave Athens room to back out of military confrontation, observers here believe, and internationalise the problem which Mr. Demirel wanted to keep a private matter between the two countries.

But the situation is far from being defused. The Hora is still at sea and will have to cover four other regions after its current mission ends, probably August 15.

"We want to avoid war," said a Turkish diplomat, "but we want our fair share in the Aegean as well and we shall get it by war or peace. It is up to the Greeks which method they choose."

IRELAND AND THE EEC

From golden boy to deadbeat

BY GILES MERRITT IN DUBLIN

THE EEC, until very recently, was an institution that Ireland thoroughly approved of. Tired of its status as an economic satellite of Britain, the Republic was only too happy to exchange the *British yardstick for Brussels'* metre rule. But that was getting on for four years ago, and the mood has changed.

A few weeks ago a confidential report on the ailing Irish economy by an EEC task force was leaked to Dublin newspapers. To the undisguised annoyance of the Irish Government the study challenged some of the more optimistic forecasts that are the articles of faith of the Department of Finance, and spelled out the message that the Irish economy is in a bad state and rapidly getting worse. That in itself was no great surprise. It was, after all, the reason for *broadening the EEC special* report from an investigation of Ireland's unwillingness to implement the Brussels directive on equal pay for women into an overall analysis of the economy. For in the short space of 12 months Ireland has gone from being the golden boy that championed almost all the European ideals during its first-half 1975 presidency, to being an economic deadbeat that risks over the coming decade turning into Community deadweight.

Ireland to-day heads the least sought-after EEC league tables: unemployment with a national average of 10.2 per cent., and inflation at 16.2 per cent. The figures almost certainly understate the Republic's true position. The next official figures on inflation, due in mid-August, are likely to confirm the trend of the Consumer Prices Index towards an increase in 1976 near to 25 per cent., while *the Irish* phenomenon of many unregistered unemployed among women and agricultural workers is suspected of hiding a true level of unemployment over 12 per cent.

Ireland *also* heads the EEC chart for birth-rate. Many economists now fear that it is the most significant pointer of all, for within 10 years the population will have gone from 3.1m. to 3.8m. and the authorities are already despairing of finding jobs in 1986 for young people. Thanks to the recession and Ireland's *continuing* industrial shakedown, jobs are disappearing while the workforce is growing.

Mr. Richie Ryan's Budget in January, which was generally deflationary although the OECD and the EEC Commission had advised against it, has been blamed for damaging industrial relations. Far from obtaining the 1976 voluntary pay pause asked for, it created a climate in which the trade unions have *aggravated the Republic's economic* uncertainties by refusing a relatively handsome 13 per cent. national wage deal. The central bank, in its latest quarterly bulletin, warns that the inflationary effect of the postponed wage agreement will be felt next year.

The Economic and Social Research Institute, which often advises the Government, has stated that the economic situation now seems worse "than seemed possible six months ago," and described the problem as "insurmountable." Conceding that because of the Western European upturn Ireland can look forward to an export boom this year, it went on to squash all hopes of export-led recovery by pointing out that imports are rising even faster. The external payments deficit this year, it suggested, will be £200m. (healthier, though, than an EEC forecast of £300m.), which means a return to the bad old days before last year's healthy hiccough of a deficit of only £21m.

The ESRI report contains dismal predictions of higher unemployment and inflation, and revises its earlier forecast of 2 per cent. GNP growth for 1976 down to ½ per cent. on the day it came out Mr. Liam Cosgrave, the Prime Minister, stuck to his guns in the Dail and insisted that the growth rate would be 2 to 2½ per cent. But even some Ministers are far from sanguine. Mr. John Kelly, Parliamentary Secretary to Mr. Cosgrave and Chief Whip, recently said that unless steps are taken "fairly soon to *solve unemployment* the Irish Republic could face revolution."

When coldly trotted out, many of the economic indicators at first sight suggest that the Cosgrave Government's grasp of financial reality has been woefully inadequate: public spending that was 54 per cent. of GNP last year and still rising; borrowing that this year will bring the national debt to £3.3bn., three times that of 1970 and uncomfortably close to the total expected 1976 GNP. In its 3½ years of office, however, the programme to which the Government is committed is needed sorely. As one foreign diplomat in Dublin observed: "The Government's heart is in the right place, even if it can't find its wallet."

Ireland heads the EEC for both unemployment and inflation, and a recent confidential Community report challenged some of Dublin's most optimistic forecasts. However, Irish ministers have claimed that sound planning could open up a future of "economic miracles."

Because Ireland is apparently fighting an uphill battle against poverty, the Government was prepared to swallow its pride when the EEC task force report became public. It believed that the survey would quickly result in a decision to grant the Irish Republic direct Community aid. Dublin's position is that it does not wish to compound its economic problems by accepting further EEC loans or tied grants that must be matched by the Irish Exchequer. It wants cash.

There *is*, one suspects, an element of subtle, moral blackmail in all this. Ireland has been one of the most *unreservedly* enthusiastic "Europeans" since the Six became the Nine, but some economists say that for the Republic to match the average EEC standards of living by 1986 *an impossible yearly GNP growth* rate of 9 per cent. would be needed. If the gap is to remain where it is, and Ireland is still far below the EEC norm when it comes to such measureable trinkets as TV sets or even telephones per 1,000 of population, an equally improbable GNP rate of 6 per cent. a year would be needed. The best ever in the Republic's boom years of the 1960s was 4½ per cent. Ireland's hope is that the EEC will be so moved by the Community spirit that it will be prepared to bankroll the Republic to an ever greater degree, or, as Mr. Ryan recently put it, recognise that Ireland's structural problems outweigh her resources.

Unfortunately for the Irish the EEC Commission did not react to the task force's report with spontaneous generosity. Funds are not to be found within the current Community Budget to step direct grants to Ireland and it seems that a second EEC survey of the Irish economy is shortly to get under way. This time, presumably, it will not be confining itself to analysis of the Republic's present economic difficulties but to the underlying structural weaknesses — exactly the approach that the Irish Government is belatedly getting down to.

There is now much debate on the need for an economic plan and by early autumn the Government is to publish a Green Paper setting out its own proposals on the matter. Within the Cabinet some Ministers, notably Mr. Justin Keating, Minister for Industry, believe that sound central planning could turn the next 25 years from decline into a period of economic miracles. They say *that some industries are* at present being overhauled to become among Europe's most modern, that Ireland enjoys the advantages of an expanding workforce, that an offshore oil strike must soon come and could solve the endemic payments crisis.

The snag is that a plan along French lines poses two questions. The Irish are unable to answer one on practical grounds, and emotionally may be unwilling to answer the other. First, the Irish Government is far from being able to control its own economy, as the external value of its currency and even the interest rates that can obtain here are largely under British influence.

Second, planning means the setting up of a powerful central department overseeing Dublin's jealously separate Government Ministries, which would be a politically sensitive issue, as well as a *degree of dirigisme* that would almost certainly be alien to the Irish way of doing things.

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OVERSEAS NEWS

[S]harp rise [in] Japan [w]holesale [p]rice index

Charles Smith

TOKYO, August 10.

STABILITY of Japan's [whole]sale price index, which was [a m]ajor reason for the upsurge [in] exports earlier this year, [appea]rs to be giving way to a [perio]d of sharper increases. [In] July, according to a state[ment] made to-day by the Bank [of Ja]pan, the index rose a full [per] cent. and a further rise of [...] per cent. is forecast for [Augu]st. The year-to-year in[crease] at the end of last month [was] [...]8 per cent. This is admit[tedly] modest compared with the [inflati]on rate of many Western [count]ries, but it is well above [the r]ate of six months or so ago. [In] November last year the [year-t]o-year rise in the wholesale [price] index was a mere 0.8 per [cent.] but the figure crept up to [...] per cent. in March and to [...]r cent. at the end of June. [The Government] officially aims to hold the [annua]l rate of wholesale price [increa]se down to 5.6 per cent. at [the en]d of the current fiscal year [(Marc]h 31, 1977), but a spokes[man] for the Ministry of Finance [said] last week that the Govern[ment] was doubtful of meeting [this t]arget.

[The] sharp July wholesale price [incre]ase is said to have been [due] to higher petrol prices [cau]sed in turn by a tax in[creas]e) and to increasing prices [for] Japan's non-ferrous metal [impo]rts, especially copper. A [more] general point is that [Japa]nese companies which felt [unab]le to raise their prices dur[ing] the depths of the recession [are] doing so now that demand [for t]heir products is picking up. [Th]e steel industry, which was [subj]ected to price restraint by [the] Ministry of International [Trad]e and Industry during the [...] part of the 1974-75 reces[sion,] is in the process of negotiat[ing] a Y9,000 per ton price [incre]ase with its domestic custo[mers]. This will be reflected in [the] wholesale price index during [the] next two months and will [cont]ribute to an increase in the [cost]s of major industries such [as s]hipbuilding and motors.

[Th]e remarkable stability of [the] Japanese WPI (the index [actu]ally fell during the first [qua]rter of last year) is cited as [a m]ajor cause of Japan's recent [expo]rt success in a White Paper [on] the economy published to-day [by] the Economic Planning [Age]ncy. The Agency points out [tha]t the Yen-based price index [for] Japanese exports fell by [sligh]tly more than 9 per cent. [bet]ween the first quarter of 1975 [and] the same period of 1976 [wh]ereas the exports of all indus[tria]l countries showed an [av]erage price decline of 4.3 per [ce]nt. during the same period.

Reuter adds: Japan is likely to [ch]oose the American McDonnell-[Do]uglas F-15 Eagle to replace its [pr]esent Lockheed F-104 jet [fig]hters, sources close to the [De]fence Agency said to-day.

Calm returns to Soweto but police roadblocks stay

JOHANNESBURG, August 10

THOUSANDS of students flocked back to school and commuters left for work unmolested in the African township of Soweto today after several days of rioting. Strong police units maintained roadblocks round Soweto, but the township was quiet and no incidents were reported by late morning.

Police said, however, that it was still too early to say that the disturbances — by students protesting at detention without trial of blacks arrested after rioting in June had now ended.

In Mohlakeng township, west of Johannesburg, some stone-throwing incidents were reported but there were no casualties. Police fired on rioting black youths there yesterday, wounding two.

For Soweto, it was the first working day since last Wednesday, when the rioting broke out, that commuters could leave unmolested from bus stops and railway stations for their jobs in Johannesburg, police said.

At Soweto schools, attendance varied between 30 and 60 per cent. Student leaders and parents had appealed for a return to school because of approaching examinations.

In Alexandra Township in the northeast suburbs of Johannesburg, where two blacks were killed by police bullets yesterday, the situation was also reported to be calm this morning. But offices at a high school in Jouberton Township southwest of the city were set alight last night. There were no further incidents, police said.

Reserve troops and police riot squads patrolled Montshiwa Township near Mafeking after a day of violence yesterday in which the legislative assembly of the Bophuthatswana black homeland was burned down. Police said that the situation today was tense but there were no incidents.

Dr. Connie Mulder, Minister for the Interior and Information, told a political meeting last night that he thought black unrest would continue until August 31 when the United Nations Security Council is due to discuss South African-controlled South West Africa (Namibia).

In Moscow, a delegation from the South-West Africa People's Organisation (Swapo), which is engaged in a guerilla war against South Africa, arrived unannounced for talks expected to concentrate on the future of Namibia.

Asked about reports that Swapo President Sam Nujoma left Dar es Salaam for Moscow last week, a spokesman for the Soviet Committee of Afro-Asian Solidarity confirmed that the Swapo delegation had arrived. He gave no further details.

Reuter

Talks planned on Zaire debts

THE ZAIRE Government has agreed to discuss rescheduling of its foreign currency debt with commercial banks in London next month, informed sources said in London yesterday.

However, just what will be discussed and the amount involved remained uncertain. Efforts to obtain comment from some of the major creditor banks such as Citibank, Morgan Grenfell and Credit Commercial de France were unsuccessful.

On Monday, Citibank filed a suit in New York to prevent the U.S. Eximbank and Manufacturers Hanover Trust from obtaining an alleged prior claim on Zaire's foreign exchange earnings in connection with a $34.3m. loan under way for the Inga-Shaba dam project in Zaire.

Among some of the other major publicised credits to Zaire was a loan of $156.6m. led by Citicorp International Bank in 1974 to Societe Nationale d'Electricite under a Zaire Government guaranty. In addition, Citicorp arranged a $24m. loan to the state-owned Zaire Transport Organization in 1973 which also had a Zaire Government guaranty.

Morgan Grenfell and Tokai Bank led two syndicates in 1973 that provided Zaire with $90m. In 1973 and 1974, Credit Commercial de France was lead manager of two other Zaire loans totaling $50m. Bayerische Vereinsbank, Grindlays Bank and Banca Nazionale del Lavoro also arranged a $60m. loan to Zaire in 1973. Several other smaller loans are on record but the exact total is not known.

Statistics compiled by the Bank for International Settlements showed that total banking claims on Zaire were $760m. at the end of March, based on a fairly wide reporting area that included the U.S., Japan and Europe as well as U.S. bank branches in the Caribbean.

In June, Zaire renegotiated its government-to-government debts in Paris. It was reported that Zaire agreed to repay on July 1 15 per cent. of its unpaid debt service accruing from 1975 and the first half of this year. In turn, the 11 Governments involved agreed to grant a three-year grace period before the remaining 85 per cent. of the debt service had to be paid over a period of seven years.

However, it is reported that Zaire failed to make the first payment.

AP-DJ

Peking warned of fresh quake

Millions of Chinese camping on Peking's pavements yesterday faced more nights in the open after warnings of a possible new earthquake, Reuter reports from Peking.

The alert came as the capital had begun to relax two weeks after the devastating earthquake in the Tangshan area had sent its 7m. people scurrying from their homes.

Indian exile

A self-exiled member of India's opposition sought by police made a dramatic appearance in Parliament yesterday but found most of his colleagues had stayed away from the start of a crucial three-day session on constitutional amendments, Reuter reports from New Delhi. Mr. Subramawiam Swamy of the right-wing Jan Sangh Party spent only a few seconds in the chamber of the Upper House then vanished.

Pakistan floods

Seventy-seven people have been killed and 5,281 villages totally submerged by floods that affected 19 of Pakistan's 21 districts, a Government spokesman said yesterday, Reuter reports from Lahore. The deluge, which followed week-long heavy rains, augmented the waters of the Indus and its four main tributaries which join up in southern Punjab.

Israeli trial

The Israeli Government made an abrupt about-face yesterday and revealed plans to court-martial a soldier involved in the killing of a teenaged Arab girl during last spring's unrest on the occupied West Bank, UPI reports from Tel Aviv. The Government-run radio said military authorities would try an unidentified Israeli soldier on charges arising from the death of 16-year-old Lena Nabulsi in Nablus on May 16.

Guinea arrest

Guinean Planning Minister Alioune Drame has been arrested in Conakry on suspicion of taking part in a plot to kill President Sekou Toure last May, Guinean Radio, monitored in Dakar, said yesterday, according to Reuter.

Economic plan before non-aligned summit

COLOMBO, August 10.

THE NON-ALIGNED summit here is expected to approve a far-reaching plan of action for economic co-operation among the world's 110 developing nations as part of its drive for new global economic relationships.

A detailed draft document circulating here envisages: The establishment of producer associations for all primary commodities and appropriate manufactured goods exported by developing countries; a council of producer associations which would work for higher prices and changes in the present structure of marketing and distribution of primary commodities; a common fund for the financing of buffer stocks with membership restricted to non-aligned and other developing States; a system of trade preferences among developing countries, and a meeting of Central Bank governors to work out ways to extend clearing and payments systems in the national currencies of developing countries.

The draft would have Heads of State and Government, who meet here from August 16 to 19, reaffirm their belief in the concept of collective self-reliance as the basis for their economic and social development.

It covers co-operation in trade, money and finance, industrial production, food and agriculture, fisheries, nuclear energy, transport services, health, technical services and mass media.

Reuter

ON OTHER PAGES

New offensive against Lebanon refugee camp

BY IHSAN HIJAZI

BEIRUT, August 10.

RIGHT-WING Christian forces to-day launched a new offensive to capture the Palestinian camp of Tal al Zaatar in the south eastern outskirts of Beirut.

A right-wing radio station said that the forces attacked from three directions, and that they have already occupied an office belonging to the militant Popular Front for the Liberation of Palestine.

They said that their action was in reprisal to continued firing from inside the camp.

But the Palestinian guerilla movement, in its communique, said that right-wing militiamen had been preparing for the attack for the past 48 hours. The right wing was reported to have massed a large force backed by a number of military vehicles and to have brought in bulldozers and other earth-moving equipment to cut new roads in order to facilitate their onslaught on the camp. Tal al Zaatar had been under siege for the past 49 days.

The new round of fighting around Tal al Zaatar could mean the end of the operation that the International Red Cross had started for evacuating more than one thousand wounded from the camp. Last week, Red Cross teams brought out more than 400 of the wounded but they had to interrupt the operation because a local ceasefire was not respected.

During the past two days, the right-wing information media have been saying that hundreds of civilians have left the camp and taken refuge in Christian areas, and that only fighters remained there. The Palestinians denied the claim, and accused the right wing of spreading false propaganda in preparation for the new offensive.

The military escalation came when efforts to arrange an effective ceasefire had run into a deadlock. Reports in some newspapers to-day said that a three-day truce had been agreed on but the clashes continued unabated.

Meanwhile, a Syrian military delegation met to-day with President Suleiman Franjieh at his temporary residence at Al Kfour near the Christian port of Jounieh some 13 miles north of here. The team was headed by Col. Ali al Madanai, who in the past has acted as a liaison officer with Lebanese officials.

The left wing had accused Damascus of deliberately delaying the establishment of an effective ceasefire to enable the right-wing forces to gain additional territory.

At this time, the Moslems and left wing face a serious threat to their supplies. A mysterious explosion yesterday sank a Greek Cypriot ship at the Moslem-controlled port of Tyre in South Lebanon. A statement broadcast by the left-wing controlled radio said that the ship, the SS Athena, was hit by a torpedo, for which the Israelis were blamed. Reports in some newspapers said that explosives had been planted in the hull of the freighter. It was disclosed that another Cypriot ship sank in the same port two weeks ago as a result of an explosion. This has prompted ship owners in Cyprus to discontinue trips by their freighters to Moslem-controlled ports in Lebanon.

These are mainly Tyre and Sidon, which have been the main outlet for bringing in supplies and for travel by the Moslems since the closure of the airport in June after it was heavily shelled.

Israeli naval patrols in the past ten days have intercepted three ships, two Cypriot and one Egyptian, which were on their way to Tyre.

Nimairi gives up power concentration

BY ALAN DARBY

KHARTOUM, August 10.

IN A move apparently intended to make his government less dependent on his personal survival, President Nimairi has reshuffled top government posts, passing a number of senior positions previously held by him to other members of the ruling Sudanese Socialist Union.

President Nimairi has been Prime Minister as well as head of state since 1969 and Minister of Defence and SSU Secretary-General since 1972. In yesterday's reshuffle he passed the Prime Ministership to Mr. al Rashid al Tahir Bakr, formerly a speaker of the People's Assembly. Mr. Rashid also becomes a Vice-President.

The Secretary-Generalship of the SSU, Sudan's only legal political party, was passed to Maj Abdul Gasim Mohammed Ibrahim, previously SSU Deputy Secretary-General and Minister of Agriculture. Maj Abdul Gasim also becomes commissioner of Khartoum province.

The new Minister of Defence and Commander-in-Chief is First Lieut.-General Beshir Mohammed Ali, who was formerly Chief of Staff.

Dr. Mansour Khalid who as Sudan's Foreign Minister before he became Minister of Education gained an international reputation, becomes presidential adviser on foreign affairs.

The President announced his reshuffle during his monthly television programme during which he also reiterated at length Libya's role in last month's attempted coup in Khartoum.

As expected, Sudan's Press campaign and battle of words against Britain was called off to-day by the Minister of Information Bona Malwal Madut Ring, who said the issue of British Government's attitude to Sudan would now be taken up through diplomatic channels.

[LI]BYA'S INSURGENTS

Consistent in violence

BY A SPECIAL CORRESPONDENT

[LI]BYA has not conspired to over[thr]ow the Algerian government [in t]he past six months. There is [not]hing remarkable in that state[men]t, except that Algeria is the [onl]y one of Libya's six neigh[bou]rs for whom it is true. [I]n the month of March alone, [Egy]pt, Niger and Tunisia were [all] targets of Libyan-backed [oper]ations aimed at the violent [subver]sion or overthrow of their [gov]ernments. In July it was [Sud]an's turn, when President [Nim]airi barely survived the [arm]ed rising by a thousand [Liby]an-trained insurrectionaries [who] wrecked much of central [Kha]rtoum. As for Chad, it is [...] vainly protesting against [Liby]a's annexation of 27,000 [squa]re miles of its territory in [...] of 1975, and fighting an [inter]minable war against the [Frol]inat guerillas in the north [who] get most of their outside [supp]ort from Libya. Egypt has [this] week blamed Libya for a [bom]b attack on a government [buil]ding in which 14 were [inju]red.

[Co]lonel Khedaffi continues to [send] arms and money to the [Erit]rean guerillas in Ethiopia, [and] to the Muslim separatists of [the] southern Philippines. Libya [was] clearly involved in the June [hija]cking of an Air France air[liner] which ended with the Israeli [raid] on Entebbe, and has already [sent] Field Marshal Amin 20 Mir[age] fighters to replace the [Uga]ndan MiGs destroyed by the [Isra]eli raiders.

[A]mbitious foreign enterprises [of] this sort by Tripoli are [scar]cely unfamiliar. What is [new] and significant is the rate at [whic]h they are now occurring. [The] cause is probably to be [foun]d in Libya's internal politics. [Ju]st one year ago there was an [attem]pted coup in Libya, organ[ised] by a dissident group of [Khe]daffi's own military col[leag]ues on the Revolutionary [Com]mand Council (RCC). It was [foile]d, and the principal plotters [fled] abroad. Since then, the [mem]bership of the RCC, origin[ally] 11, has been reduced to four, [and] none of the remaining mem[bers] appears to have any signifi[cant] power base of his own.

[Mo]st of the men who formerly [exer]cised a moderating influence [on] Khedaffi's foreign policy are [no l]onger there. Major Umar [Muh]eishi, who fled the country [last] August, is now broadcasting [anti-]Khedaffi propaganda for [Rad]io Cairo. Former Foreign [Min]ister Abdul Huni, who [defe]cted in November, has also [take]n refuge in Egypt. The effect [has] been a steady acceleration in [Liby]a's foreign adventures to the [pres]ent breakneck pace.

[Th]e goals of Libya foreign [polic]y have not changed. They [have] always been identical with the personal priorities of "Brother Colonel," as Khedaffi is known in Libya. In rough order they are: the destruction of Israel, pan-Arab unity, and the overthrow of conservative regimes and especially monarchies in the Arab world.

Apart from the sheer proliferation of ambitious foreign operations in the past year, there is other evidence that the brakes are now off in Libya. The expansion of the Libyan armed forces has accelerated still more: the Army's tank strength has approximately doubled in the past year. Last December, for the first time, Libya's forces were committed to a full military alliance with Algeria, to be invoked in the event that the dispute over Spanish Sahara should lead to war with Morocco.

Clandestine operations abroad were formerly entrusted to various Palestinian groups, but since the turn of the year Libyan agents of the newly formed Special Intelligence Service have been directly involved in operations against the Egyptian and Tunisian Governments. According to a Tunisian report of July 6, Libya now also maintains some 20 camps in which it gives military and political training to disaffected citizens of other Arab states. There are 2,400 young men from Tunisia alone in the camps, according to Tunis.

There is a widespread impression that Libya's foreign policy is erratic, or even a series of random outbursts. Tripoli's longstanding association with Palestinian extremist groups and its readiness to use violence against fellow Arab governments provide the argument for this interpretation, but it is wrong. Colonel Khedaffi may be naive, but he is intelligent and fairly consistent. Libyan policy is coherent, and not totally unsuccessful.

There is little Khedaffi can do directly about his primary goal, the crushing of Israel, but he has made a determined attempt over the past three years to prevent other Arab states from deserting the confrontation.

Nor are Libyan tactics blindly inflexible. They recognise, for example, that Syria is indispensable to a reconstructed Arab front against Israel. Libya's mediator in the Lebanon, Prime Minister Abdessalaam Jalloud, has therefore actually been urging concessions on the embattled Palestinians in order to forestall a Syrian reconciliation with Egypt.

Libya's strivings after nuclear weapons are often dismissed with tolerant amusement, and it is true that early attempts, like Jalloud's mission to buy an atomic bomb from Peking in 1969, were faintly comical. But any Arab who still has the military destruction of Israel as a serious goal must think in terms of nuclear weapons, in view of Jerusalem's own undeclared atomic bombs, and Khedaffi is not a man to flinch at the implications.

Libya has yet to acquire even one civilian nuclear reactor, though negotiations with both France and Russia are well advanced. It is a very long way from a capacity to develop nuclear weapons itself. But Tripoli's forcible annexation last year of the Aozou Strip in northern Chad, where the presence of uranium ore is strongly suspected, shows an intention that it will be done one day.

Other Libyan aims, like pan-Arab unity, are also served by a consistent, if often violent strategy. According to the testimony of captured Libyan agents in Tunisia at their trial in April, their primary purpose was to kill or kidnap Prime Minister Hedi Nouira, who persuaded President Bourguiba to back out of the planned Libyan-Tunisian union. Libyan involvement in two coup attempts against President Nimairi of the Sudan within the past 12 months was motivated by his abandonment of a proposed union of the two countries.

Even the seemingly inexplicable Libyan backing for the bloody coup attempt in Niger in mid-March served a similar end, though less directly. It was intended to force Niger into recognising the "Saharan Arab Democratic Republic" (the guerillas fighting the Moroccan occupation of ex-Spanish Sahara). Khedaffi's long-term goal there is the creation of a "People's Maghreb," uniting the Sahara Republic with Algeria and Libya.

President Kountché of Niger got the message. Following his unscheduled meeting with the Algerian and Libyan leaders at an Algerian oasis in early April, unofficial sources in Niamey let it be known that Niger had agreed in principle to recognise the Sahara Republic.

Khedaffi is playing a dangerous game. His control of the Libyan Army may be less secure than he thinks, and he is just as vulnerable as the other Arab leaders he attacks to coup attempts financed and armed from abroad. But he is a man of serious (if perhaps unattainable) political purpose. With all the former domestic checks on his power game, his hectic course of interventions in other countries may be expected to continue.

Algeria is one of Libya's few allies: President Boumedienne with President Khedaffi.

AMERICAN NEWS

Ford camp wins first Kansas convention battle

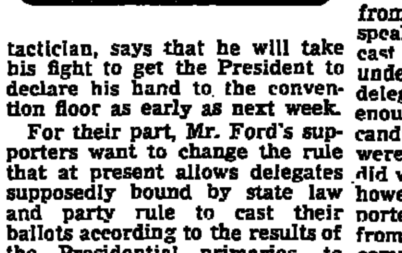
BY DAVID BUCHAN

WASHINGTON, August 10.

THE SPARRING between the rival Ford and Reagan camps has begun in earnest in Kansas City over a number of important issues that could have a decisive impact on which contender wins the Presidential nomination when the Republican convention formally opens next week.

First blood has gone to the supporters of President Ford, whose predominance on the crucial Convention Rules Committee squashed an attempt yesterday by Mr. Ronald Reagan's campaign manager, Mr. John Sears, to require candidates to announce their Vice Presidential running mates before the delegates select the Presidential nominee. Mr. Sears had proposed that all the delegates pledged to Mr. Ford would be freed from their allegiance, should the President refuse to disclose his choice of running mate at least 12 hours before the balloting begins for the Presidential nomination.

The Reagan camp still hopes that it can force Mr. Ford into a choice at least as controversial as Mr. Reagan's choice of Senator Richard Schweiker. But Mr. Ford shows no sign of allowing himself to be rushed into a tactical mistake like that, and he is doing all he can to spin out the process of taking soundings in the party as to whom it thinks it his choice should be. To-morrow he has asked for the views of the party's national officials on this. But Mr. Sears, who has proved himself a canny



tactician, says that he will take his fight to get the President to declare his hand to the convention floor as early as next week.

For their part, Mr. Ford's supporters want to change the rule that at present allows delegates supposedly bound by state law and party rule to cast their ballots according to the results of the Presidential primaries, to abstain or to slip away from their commitments. It is the hope of the Reagan camp that just a few abstentions would deny Mr. Ford a first ballot victory and that in the resulting confusion Mr. Reagan might just pull through. Again, the weighting of the Convention Rules Committee, which is due to make a final decision on this matter later to-day, towards President Ford, makes a change in the rule likely.

Another move by the Reagan camp that has been, at least temporarily scuttled yesterday was the proposal that the Presidential candidates be asked to give ten minute speeches to the delegates immediately before next week's balloting. The hope of the Reagan camp was that the delegates would still be warm from their candidate's superior speaking performance as they cast their ballots, but it was understandably decided that the delegates had already suffered enough exposure to the two candidates, and further speeches were superfluous. Mr. Reagan did win a small victory yesterday however, when a strong supporter of Mr. Ford was ousted from the important policy subcommittee on abortion, womens' rights and busing and a Reagan sympathiser put in his place.

New York recovers after hurricane

NEW YORK, August 10.

RESIDENTS of New York area to-day began repairing the havoc left by Hurricane Belle, which spent its fury on the populous suburbs of Long Island and southern Connecticut early to-day before diminishing to a tropical storm.

A 19-year-old girl was crushed to death by a falling tree in the town of Wading River, New York, after the season's first hurricane roared across Long Island with gusts of 90 miles an hour.

The storm flooded brooks and roads and brought down hundreds of trees and power lines. Thousands of people in Connecticut were without power hours after the storm had passed. Officials said it might be days before all the power lines were restored.

After sweeping across the New York area, the force of Hurricane Belle dropped to that of a tropical storm which moved north over Massachusetts.

The morning rush hour was more chaotic than usual, with roads blocked by trees and cut power lines. The Long Island Railroad, which carries thousands of commuters into Manhattan every morning reported delays averaging 15 minutes.

Reuter.

Union threat to striking miners

BY STEWART FLEMING

NEW YORK, August 10.

AS THE EXECUTIVE of the United Mine Workers' Union issued orders to-day threatening to expel members refusing to go back to work, the coal mine owners published bitter attacks on the union in the major U.S. newspapers.

Over the past three weeks over half the soft coal miners in the country have been on unofficial strike following a local dispute in West Virginia, in spite of efforts by union leaders to persuade the men to return to the pits. What began as a protest against one company has turned into a widespread attack on the coal owners for their resort to the courts to settle disputes when established grievance procedures break down.

In the Wall Street Journal, Washington Post, and New York Times, the Bituminous Coal Operators' Association published full-page advertisements under the headline: The United Mine Workers of America and the Law.

The advertisements claimed that the union has used the legal system to push through improvements in mine safety, obtain exclusive bargaining rights, and obtain liberal benefits for miners suffering from black lung.

In return for these advantages, the advertisement says that the union promised no strikes and the settlement of disputes by arbitration. But the coal owners go on to point out that since the 1974 contract with the union was signed there have been over 4,000 illegal strikes, and the nation lost 27m. tons of coal. It says of the latest dispute, involving the Cedar Coal Company, that when the company sought court removal of illegal pickets the "mine workers cried 'foul' and struck the entire industry to support its unlawful coercion of one employer."

Meanwhile, the executive board of the UMW is planning a meeting in West Virginia where the dispute broke out in an effort to try and bring it to an end.

Yesterday the union's board asked all miners to go back to work and threatened to place the UMW branch at the centre of the dispute under an administrator if its members failed to return to the pits.

There is evidence that miners in Illinois, western Kentucky and Tennessee are returning to work, but mines in West Virginia, Pennsylvania, eastern Kentucky, Ohio and Indiana remain idle.

The West Virginia Coal Association says that an estimated 5m. tons of coal and $24m. in salaries has been lost in the state alone as a result of the dispute.

Canadian jobless rise

OTTAWA, August 10

UNEMPLOYMENT turned upward again in July after dropping for three months, Statistics Canada reported today. The number of jobless in the country rose to 7.3 per cent. of the work force, up from an even 7 per cent. in June.

Jobless rates increased in all provinces except Nova Scotia, New Brunswick and Saskatchewan. They dropped in the two maritime provinces and remained unchanged in Saskatchewan.

Much of the increased unemployment occurred in the 15 to 24 age group. The jobless rate for women in this bracket rose to 12.3 per cent., up eight-tenths of a point. The rate for men reached 13.2 per cent., an increase of two-tenths.

AP-DJ

IMF credits open to S. Africa

BY OUR OWN CORRESPONDENT

WASHINGTON, August 10.

SOUTH AFRICA still has two further credit tranches, worth 230m. Special Drawing Rights or about $253m., which it can call on if the price of its gold continues to decline, International Monetary Fund sources said to-day.

Last week the Fund approved a stand-by credit of 152m. SDRs over the next 12 months to South Africa, whose trade deficit last year doubled from the previous year to R1.6bn. and has widened still further in the first half of this year.

In approving the latest stand-by credit, the Fund has noted the restrictions that the South African Government has imposed on internal credit and its cuts in public spending and higher taxes. Although the letter of intent that South Africa has submitted to the Fund has not, of course, been made public, it is assumed that the Fund has been assured that the South African import deposit scheme really is temporary as Pretoria has been saying in public. The scheme was introduced in August.

It is not being ruled out that South Africa, which has in the past been a heavy borrower from the Fund, may well want to come back for its further credit tranches in the next few months. But if it does, the Fund sources say, the conditions attached to the credit will be correspondingly tougher.

Peru oil search

LIMA, August 10.

THE PERUVIAN oil monopoly Petroperu to-day announced that about 20 foreign companies are interested in the new phase of oil exploration in Peru's Amazonas jungle areas and northern continental shelf.

The companies were not identified, but General Maximo Leon Velarde, executive president of Petroperu, said that the legal relation between Peru and the companies will be determined by the so-called "Peruvian model," which will be modified "in order to promote foreign investment while taking into account national interests."

AP-DJ

Carter tough on pay offs

WASHINGTON, August 10.

Mr. Jimmy Carter indicated that he favours tough treatement for executives of corporations which make foreign payoffs.

The Democratic Presidential candidate criticised as too lenient President Gerald Ford's recent proposals for a law requiring companies to report payoffs to the Commerce Department, where the information would be kept secret for at least a year. Mr. Carter mocked the Ford plan as a "concept of confidential disclosure" and "permissive criminality."

Speaking before the public citizen forum, a Ralph Nader organisation, Mr. Carter said, "I see no reason for corporations to give bribes in this country or in other countries." He added that he would like to see criminal penalties, including jail terms, for leaders of companies which engage in "subversion of society" by bribery or in other corporate abuses, such as actions that endanger public health.

Mr. Carter also told the consumer-oriented audience that he would like to end the "kind of revolving door" between Federal regulatory agencies and the industries they are supposed to regulate. He said he would favour a law making it illegal for members of regulatory agencies to go from their Government posts to jobs in the industry they had regulated.

This would be a drastic change from present practice, where Federal regulators often use their Government background to obtain high-paying jobs in industry. Some agencies currently have rules barring former regulators for certain lengths of time from representing industry in matters before their old agencies, but they do not prohibit taking a job.

It was not clear precisely what time period Mr. Carter's contemplated prohibition would cover.

Quebec to sign Olympics deficit financing deal

BY ROBERT GIBBENS

MONTREAL, August 10.

THE QUEBEC Government and its Olympics Installations Board (OIB) agency expect to sign final documents here on Thursday confirming the $700m. financing in the medium-term capital market of the province's direct share of the $995m. Olympics capital and operating deficit.

The financing, backed by last May's increase in provincial tobacco taxes and a new federal lottery, is in two parts and was arranged on a preliminary basis early last June.

The first tranche is a seven-year $250m. private placement of OIB notes with a syndicate of eight Canadian banks led by the Bank of Montreal, the Royal Bank of Canada and the Canadian Imperil Bank of Commerce, at a floating rate of interest less than 1 per cent. above prime lending rate (now 10¼ per cent. in Canada).

The second tranche consists of $450m. from a group of American banks led by Morgan Guaranty and Citicorp, divided into an undisclosed proportion of U.S. and Canadian dollars, with the same term and geared to about 1¼ per cent. above the Libo rate in London or the rate international banks charge each other when they lend free funds.

Finance Department sources said that the estimate of a $995m. deficit was accurate and although some costs would be less than budgeted for, some revenues might be lower. Studies of revenues and sales tax proceeds are in progress, but the deficit would not be in error by more than $10m. to $20m. It does not include the cost of security being borne by the federal Government and believed to have been more than the early estimate of about $150m.

Kearns under scrutiny

BY OUR OWN CORRESPONDENT WASHINGTON, August 10.

JUSTICE DEPARMENT officials in Washington to-day refused to rule out a criminal investigation of the former head of the U.S. Eximbank, Mr. Henry Kearns. Yesterday the Department announced that it is sueing Mr. Henry Kearns for $350,000, alleging that Mr. Kearns improperly used his position while he was at the Eximbank from 1969 to 1973 to sell his shares in a Thai paper company at an inflated price.

The $350,000, the officials explained to-day, was what the Justice Department had calculated was the excess profit that Mr. Kearns made in selling his 100,000 shares in Thesiam Kraft Company to the American subsidiary of the Japanese trading company Mitsui.

The civil suit charges that Mr. Kearns breached the terms and conditions of his employment at the Eximbank, the agency that provides financing for export and import sales, in that "he directly and actively sought, solicited and obtained a purchaser" for his shares. Mr. Kearns, appointed to the Eximbank by former President Nixon, said yesterday that "this is just a continuation of a vendetta started by Senator Proxmire." It was a complaint by Senator William Proxmire, chairman of the Senate Banking Committee, to the Justice Department last year that led to the investigation of Mr. Kearns.

U.S. shrimpers must cut catch

TALLAHASSEE, Florida, August 10.

U.S. SHRIMP fishemen, now hauling in $25m. annually off the Mexican coast, must cut 40 per cent of their catch in the next year and phase it out completely by 1980, an official says.

The phaseout over the next three and a half years was part of an agreement hammered out by the U.S. and Mexico over the week-end, said Mr. Harmon Shields, Florida Director of Natural Resources.

Under the proposal, American shrimping within 200 miles of the Mexican coast will be slashed from 10m. lbs this year to 6m. lbs next year.

The number of boats will be lowered from the 1,000 that now venture into the area to 318. An annual licence fee of $1,086 will be paid by them. All American shrimpers will have to stay out of the area after January 1980, Mr. Shields said.

AP-DJ.

Viking 2 on target

PASADENA, August 10.

VIKING 2 is right on target for a September 4 landing on Mars, where it will join its sister ship in sending back valuable data on the planet. The craft made a successful course adjustment on Monday and scientists at the Jet Propulsion Laboratory said that a landing site could be chosen as early as August 19 or as late as August 30.

Scientists said that they hoped to put the ship's lander down in an area of apparent permafrost. Such an area would be tested for water, which would make the possibility of life on the planet more feasible.

UPI

Gas price decision

WASHINGTON, August 10.

THE U.S. Appeals Court here has blocked a Federal Power Commission (FPC) decision allowing sharp boosts in natural gas prices unless gas producers agree to refund the increases if they later are ruled unlawful.

In a unanimous decision, the court said that producers may file rate applications with the FPC reflecting the new rates only if the requests include provisions for a refund to pipeline customers of any portion of the new rates later rescinded.

FPC solicitor Alan Tuttle said that the agency is considering appealing against the decision. "It deprives the FPC of the opportunity to make the determination of the propriety of refunds," he said.

AP-DJ

Jamaica aid

By Our Own Correspondent

KINGSTON, August 10.

JAMAICA is to receive financial assistance totalling $3.2m. from the European Development Fund, European Community deputy director Maurice Foley has said here.

Most of the money is to go towards the construction of microdams to be used by small farmers in drought-prone parts of the island, while smaller amounts have been allocated to technical training programmes.

Andean Pact crisis

By Canute James

SANTIAGO, August 10.

THREE top Andean Pact officials have started their second day of talks with Chilean authorities in an effort to solve the crisis affecting the organisation. So far no progress has been reported, while the Press of the member countries is criticising Chile's refusal to sign a tariff agreement last week in Lima. The three officials are to leave Santiago to-night.

WORLD TRADE NEWS

Japan may ease emission rules for imported cars

BY DOUGLAS RAMSEY

TOKYO, August 10.

JAPAN may exempt imported cars from the strict auto emission standards which are to enter force from 1978. Sources at the Ministry of International Trade and Industry (MITI) say that several avenues are being explored to let foreign companies, including British Leyland and Volkswagen, off the hook, at least temporarily.

The debate over the nitrogen oxide content in auto exhaust is a long and complicated one. In Japan, it is the last of a series of emission regulations and has met with the most industry opposition. Only a year ago, car manufacturers here insisted that they would not be able to meet the maximum allowable 0.25 grams in exhaust over a one-kilometre run by 1978. Yet by last week, at hearings by the environmental agency, all but one of Japan's motor companies had changed their minds. Even Toyota, the most reluctant, said that it anticipated being able to meet the standards, while companies such as Nissan, Honda and Isuzu have got some mileage from publicity surrounding new engine developments which, they say, already conform to the proposed 1978 legislation.

Only Suzuki Motors, which builds a 2-cylinder mini-car, says that it cannot meet the Nox norm by 1978.

Foreign companies were grilled by the Environmental Agency in late May and June. All of them, including several Europeans as well as General Motors, firmly said their cars could not meet the Japanese standards by 1978. But according to MITI, at least two (un-named) foreign makers indicated that conformity by 1980 might be feasible.

MITI is now trying to reach its own opinion on the car exhaust question, although it may not publish one formally until September. Car exhaust standards are, nominally, a matter for the Environmental Agency, although both MITI and the Ministry of Transport will have a say in the final Cabinet decision.

MITI wants that final decision to ease, not heighten, international tensions over Japan's car trade which is already overwhelmingly in its favour. Less than 2 per cent. of all cars bought in Japan are foreign made, and MITI knows that virtually no cars would be imported in 1978 if the new standards were applied equally to both domestic and foreign producers.

According to the business daily, Nihon Kon Koogyo Shimun, senior MITI officials would like to see a dual regulation set up. One (the harsher) would apply to domestic car makers. The other, using standards similar to those expected in 1980 in the U.S. under the Muskie Clean Air Act, would apply to imported cars from 1980 and beyond.

A pending amendment to the U.S. act would lower acceptable NOX levels in America to about 0.6 grams per kilometer. This, coincidentally, is the level already applied to new Japanese cars. Foreign makers, however, have got a delay, and will only have to conform from April 1978.

That, however, is the date envisaged for bringing into force the newest Japanese regulation, reducing the maximum allowable NOX content to 0.25 grams over the same run.

Foreign car makers say that they cannot meet the new rules in 1978, so MITI feels that Tokyo could employ the face-saving device of temporarily only applying the 0.6 grams limit on the grounds that it would be roughly equivalent to standards practised elsewhere.

MITI is apparently wanting to make amends for the tremendous upsurge in Japan's car exports to Europe and America by giving in over exhaust. Foreign makers are already smarting under emission standards applied since April 1, which in fact are more severe than those applied in California.

But ministers anticipate strong opposition to such a dual regulation both at the Environmental Agency and the Transport Ministry. So it may ultimately opt for another alternative, one which would simply exempt foreign made cars from the new standards for two or three years. This, they feel, could gain acceptance on the grounds that it would promote "stability" in international trade and not antagonise the countries which are now buying Japanese cars in large numbers.

MITI will probably hold sway with its opinion once the matter goes to Cabinet. But that may not be until early next year. Meantime, there is bound to be a lot of fuss over ways in which to let the foreigners off the hook without (a) antagonising home car makers, and (b) stirring up Japanese public opinion over a policy of "reverse" discrimination.

Whichever path is taken, foreign car manufacturers must already be emitting a sigh of relief over MITI's new-found concern for their welfare. They may even get a chance, if the relatively lax Muskie standards are adopted, to do better at selling in Japan than they have done until now. But they may also slip up if, under the guise of an exemption, they do not move fast to build less-polluting engines: exempt status is a short-term thing and 1980 is not far off.

Toyo Kogyo in European rotary engines move

BY OUR TOKYO CORRESPONDENT

TOKYO, August 10.

TOYO KOGYO, Japan's number three car maker, has got permission both to sell and build rotary engines in Europe. The manufacturer of Mazda cars says it has no immediate plans to build engines outside Japan, but hopes to expand its share of the rotary engine market.

The agreement was reached with Audi NSU and Wankel, holders of the rotary engine patent. Until now, the Hiroshima-based company could not build rotary engines outside Japan, under the terms of its licence from the German companies. Furthermore, they could not sell engines in either Europe or North America.

Anticipating market growth for rotary engines, Toyo Kogyo applied for a revision of its licence arrangement. The agreement, clinched at an undisclosed cost to the Japanese/ company, will open up the European market to Japanese rotary engines, although Canada, the U.S. and Mexico are still off limits, for both sales and manufacture. (Toyo Kogyo, however, has a technical co-operation agreement with General Motors to help out with rotary engine development at the American car company.)

How much business Toyo Kogyo hopes to generate from the revised licence is unclear. The company is not likely to launch a manufacturing facility in Europe, where the patent holders themselves, as well as Fichtel und Sachs (now under a takeover bid from Britain's GKN), are already present. But their license does allow them to build engines anywhere besides North America, so it could well be the harbinger of production facilities in one of the cheap-labour locations in south-east Asia.

Of equal importance is the extension of the types of engines Toyo Kogyo is allowed to produce. So far it has concentrated on land vehicle engines, primarily the one used in its Mazda passenger cars. But there are other applications too. Already, in Japan, Yamaha is building marine and chain-saw engines using a Wankel licence. Toyo Kogyo wants to enter this market, and its management is gambling that other, new applications, can be found to make the whole rotary effort worthwhile.

Dacca expects Mideast deals

BY A SPECIAL CORRESPONDENT

DACCA, August 10.

BANGLADESH is hoping shortly to finalise several multimillion dollar deals with Middle Eastern countries, notably Saudi Arabia and Iran. The basis of the Saudi deals, it is understood, would give Bangladesh a double advantage: Bangladesh would supply skilled and semi-skilled workers for projects in Saudi Arabia, and in return Saudi Arabia would put money into projects in Bangladesh.

As the Saudi talks are reaching an important stage, Major General Ziaur Rahman, Bangladesh Army Chief of Staff, was unwilling to go into detail, but he stressed that "we do not go as beggars. The days of begging are over. We have things we can contribute to."

High level teams from Bangladesh have recently visited Jeddah and Tehran. The Iranian talks were intended mainly to try to clinch a jute deal.

If Dacca can win the Saudi agreement it will be both a major success and a big boost for the economy. For the first few years after Independence Bangladesh was the second largest Muslim nation in the world—after Indonesia—but had very little success in getting funds from its rich oil producing Islamic brethren, although Pakistan received $500.000m. from the oil producing nations.

In spite of their overall poverty, all three major nations of the subcontinent, India, Bangladesh and Pakistan, have surpluses of skilled labour. India and Pakistan as the more developed and well-connected countries have already sent thousands of workers to lucrative Middle Eastern jobs, thus alleviating their employment problems and providing a useful source of foreign exchange. Last year alone 50,000 Pakistanis are reckoned to have taken jobs in Middle Eastern countries.

Up to now Bangladesh has been slow to take advantage of the employment prospects in the Middle East though a small group of employees of the Hotel Intercontinental in Dacca did get jobs in a new Middle Eastern hotel.

Indian hopes on textile pact

BY K. K. SHARMA

NEW DELHI, August 10.

Official sources here expect a more favourable textile arrangement with the European Economic Community next year mainly because of the decision of the Textile Surveillance Board, the international watchdog body on textile exports, upholding India's views on quota restrictions.

The TSB has said that items which were allowed entry without quota restrictions before by the community was formed cannot be subject to such restrictions now. The European Community wanted to limit imports of certain categories of textiles like cotton webbings on the grounds that imports of these also formed a part of the new agreement, describing them as "residual restrictions."

The TSB is reported to have asked the Community to remove these restrictions by the end of this year. India's bid to have the matter settled through direct negotiations with the Community did not succeed.

The TSB took up the matter on its own and ruled against the Community's restrictions. In discussions with the Community, India has offered to observe voluntary restraints provided the Community allowed much larger quantities of imports next year for other items. Officials feel the TSB decision has strengthened India's case.

Meanwhile an official delegation will leave for Brussels next week to hold talks with the Community on the definition of a "cottage industry." For India this is important since on this hinges future exports of ready-made garments which are manufactured by small units here.

Rhys David adds: The textile industry in the EEC has been arguing that quota restrictions on made-up garments are being evaded by some Indian manufacturers by mis-classification of certain products as "cottage industry." These are not covered by restrictions. This has enabled the Indians, it is claimed, to increase substantially their exports of cheesecloth shirts to Europe.

The industry is now pressing the EEC to tighten up its definition of "cottage industry" products which it claims is much less restrictive than is outlined in the GATT Multi Fibre Arrangement, the agreement which regulates world trade in textiles. As a precedent the industry is pointing to the moves the U.S. has already taken this year to control these products.

Aid for Dutch industry

AMSTERDAM, August 10.

HOLLAND'S troubled textile industry is to receive additional financial support from the Government to prevent further decline. The Economics Ministry, announcing this in a letter to Parliament, said it had decided to maintain activity in this sector of industry at an "acceptable level."

The Ministry added that in the main textile sector—cotton, rayon and linen—losses amounted to about Fls.100m. (about £20m.) in 1975 while the industry's total estimated equity was only Fls.500m.

It was working on a system aimed at boosting investments in the sector through the issue of interest-free advances which could, if certain conditions were met, be converted into subsidies of up to 20 per cent. on approved investments.

The Ministry said that in a period of ten years, the number of people employed in the sector, which is concentrated in the Twente area in the east, had slumped from 42,000 to only 19,000 with the turnover falling to Fls.1.19bn. in 1975 from Fls.1.26bn. in 1965.

In the wool industry, the number of employees had declined from 15,000 to 6,000. Setting out the problems facing the industry, the Ministry blamed a number of factors for the decline which were largely structural in nature.

One was the integration of the Common Market in fast tempo during which it became apparent that a large number of companies were unable to stand up against the heavy foreign competition. There was also the problem of cheap imports from the East Asian and Latin American countries and the decline of the domestic ready-made clothing industry, shrinking the home market.

Titanium dioxide

NL Industries, an international producer of chemical, metal and fabricated products, is to build a 40,000 ton-a-year titanium dioxide pigment plant at Leverkusen, West Germany, the company announced yesterday. The plant, based on chloride process technology developed by NL Industries, is scheduled for completion in mid-1978.

Mitsubishi wins Jebel Ali power contract

By Kathleen Bishtawi

DUBAI, August 10.

MITSUBISHI ELECTRIC has been awarded the contract to build a power station in Jebel Ali, just 17 miles outside of Dubai. The contract for the Dubai Electricity Company is for three units of 60 MW each. The price put forward by Mitsubishi for the project totals Dirhams 630m. (£90m.) according to commercial sources here.

Among the eight other unsuccessful tenderers was a joint bid by the National Enterprise Board (NEB), GEC and Rio Tinto Zinc. Their bid price is understood to have been Dirhams 810m., more than £25m. higher than the bid by the Japanese. The Americans with a tender from Brown and Root put forward the highest price at Dirhams 950m., though any comparison of bids put forward is difficult for some of them are on a cash basis and others on a credit basis. The Dubai Government has yet to decide whether it is to pay by cash or on credit terms.

The new power station is the first phase of a project to create an ultimate additional output of 600 MW at Jebel Ali. However, the new station will supplement the needs of Dubai town which is increasing at the rate of 30 per cent. The work will take three years to complete and consultants to the project are Kennedy and Donkin of Britain. Included in the current phase is a desalination plant producing 39,000 cu. ft. of water a day and associated reservoirs.

In the next two weeks another power contract will be awarded to supply the aluminium smelter where construction work is to start shortly in Jebel Ali. The original list of 12 tenderers has now been shortlisted to three, from Canada, Germany and the U.K. The British company, John Brown Engineering, are believed to be well placed in the running for this £36m. contract. The unit is steam powered and will have a capacity of 360 MW.

Construction work on the aluminium smelter, which is to be built by British Aluminium Smelter Construction, at a cost of over $500m., has been delayed until the details of a massive syndicated loan had been worked out. A Eurodollar loan is being finalised by the emirate's bankers Morgan Grenfell and Lloyds International.

Venezuela orders German steel mill

By Guy Hawtin

FRANKFURT, August 10.

ONE OF West Germany's leading heavy equipment manufacturers has landed a major contract in Venezuela for the construction of a small steel rolling mill and a wire mill. The deal announced to-day is worth a total DM550m. (£121m.).

The Dusseldorf-based concern Schloemann - Siemag — jointly owned by Gutehoffnungshuette and Siemag-Weiss—signed the contract with Siderurgica del Orinoco (Sidor) of Caracas. Schloemann-Siemag, which will lead the consortium designing and constructing the project, estimate their share of the deal at about DM200m. (£44m.).

As well as leading the consortium, the Duesseldorf concern will provide the mechanical equipment for the mills, workshops and a water purifying plant. No details of the other suppliers have yet been announced.

The capacity of the small steel rolling mill is put at 750,000 tonnes annually, while the wire rod works is to have a capacity of 450,000 tonnes a year.

Germany cuts deficit on sea transport

By Our Frankfurt Correspondent

FRANKFURT, August 10.

SEA TRANSPORT has traditionally been largely responsible for West Germany's payments deficit on "invisibles." However the country's shipping operators has just announced an impressive narrowing of the payments gap.

Last year the West German sea transport deficit fell from 1974's DM1.09bn. (£240m. at to-day's rates) to DM308m. (£68m.). This follows a period of steady increase (in the deficit) from DM1.3bn. in 1967 to a peak of DM2.37bn. (£520m.) in 1973. The West German ship owners' organisation — the Verband Deutscher Reeder — commented that last year's deficit was the lowest in 15 years.

According to the Verband there were three main reasons for the decrease. First, the amount paid out to foreign ship owners for imported tonnage fell. At the same time the cargoes carried by West German ships, both in foreign and cross trade, increased, while income from the Federal Republic's docks and harbour services also rose.

Undoubtedly the strength of the D-mark also played a part in narrowing the deficit—although this did little to help West German ship owners' earnings. With freight rates charged largely in dollars, the upwards course of the D-mark last year undoubtedly reduced the D-mark value of foreign shipowners' freight charges.

HOME NEWS

Operators back Sheikh Yamani oil challenge

BY RAY DAFTER, ENERGY CORRESPONDENT

[SH]EIKH YAMANI, the Saudi [Ar]abian Oil Minister, has [rec]eived backing from the U.K. operators in his contention [tha]t the British Government has [und]er-estimated the size of off[sho]re oil reserves.

Although the Department of [En]ergy is sticking by its [rec]ently-published estimates, the [U.]K. Offshore Operators' Asso[cia]tion has challenged the most [pes]simistic forecasts.

[T]he Government estimates that [a]l recoverable reserves from [are]as at present designated on [the] U.K. Continental Shelf could [be] between 3bn. and 4.5bn. [ton]nes. More could be expected [fro]m areas not yet designated.

[T]hese figures must inevitably [ma]ke allowance for oil expected [to] be found in the largely unex[plo]red areas to the west and [nor]th of Britain.

[M]r. George Williams, director-[gen]eral of the association, said [it] was wrong and "unscientific" [to] give an estimate of reserves [in] these areas until considerable [ex]ploration work had been car[rie]d out. It was an industry view [wh]ich had been relayed to [Go]vernment, he claimed.

[P]roven reserves on existing [lic]ences are estimated to be [1.]5bn. tonnes. When "prob[ab]le" reserves (those regarded to have a better than 50 per cent. chance of being producible) are included, the figure rises to 2.29bn. tonnes.

Proven, probable and possible reserves on existing licences are estimated at 3.19bn. tonnes.

Argument

Assocation members estimate that recoverable reserves in widely explored areas of the North Sea range from 2.7bn. to 3.4bn. tonnes.

The Department of Energy said that it dismissed Sheikh Yamani's charge, made at a Press conference in Switzerland.

Although the figures at the top of the range of possible reserves quoted by the department might be a matter for argument, there was no suggestion that those in the lower range were exaggerated.

Neither the oil industry nor any other authority had challenged the figures.

Sheikh Yamani, who quoted no figures, based his claim on information from unidentified oil companies. He claimed that the British Government was anxious to see world oil prices rise as soon as possible in order to make exploitation of costly North Sea oil worthwhile.

Tougher MoT car tests planned

BY TERRY DODSWORTH,

MORE STRINGENT MOT safety tests at the beginning of next year are the aim of Mr. John Gilbert, Minister of Transport.

They will include checks on stop lamps and indicators and a visual check on silencers and exhaust systems. There will also be new tests on windscreen wipers and washers, the horn and the condition and mounting of seat belts.

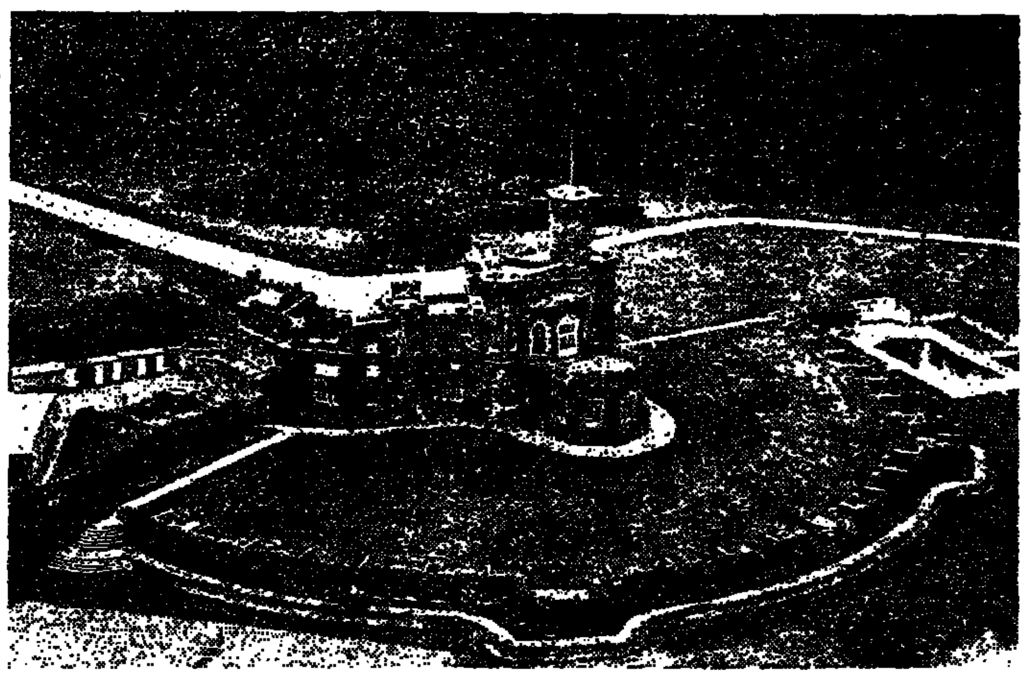
The Department of the Environment is also to introduce a new written warning to owners of vehicles which fail the MOT test because they are in a dangerous condition.

This would inform drivers that "a person who drives a dangerously defective vehicle is liable to prosecution and might not be insured."

Although no figure for the new test has been agreed, it is certain to be at least double to-day's £2.20.

Dr. Gilbert is also hoping that the wearing of seat belts will become compulsory in the spring.

The remaining stages of the seat belts Bill are set down for the first week after the House of Commons resumes after the recess in mid-October.



Arab pays £200,000 for Fort Belvedere

Mr. Gerald Lascelles, brother of the Earl of Harewood and a cousin of the Queen, has sold his lease from the Crown on Fort Belvedere to an Arab businessman for more than £200,000. The six-bedroom house, a modernised 18th-century folly, was where Edward VIII signed his abdication.

Mr. Lascelles's agents, Savills, said the sale was made on condition the purchaser's name was not disclosed. The 78-year lease on the house and 59 acres at Sunningdale, Berkshire, had been on the market for two months.

"I am selling the house for personal reasons but it's a great wrench as I have devoted 20 years of my life to it. It's sad," said Mr. Lascelles. "The house was falling to bits when I signed the lease in 1955 and I have slowly put it back together again."

Left seeks share of home loans cash for councils

BY PHILIP RAWSTORNE

LEFT WING members of Labour's National Executive Committee yesterday called on the Government to channel 10 per cent. of building society mortgage loans through local authorities to make up for the cuts in their home loan funds.

They also pressed the Government to reconsider its "disastrous" cuts in local authority housing programmes.

Renewing their campaign against the public expenditure curbs, an NEC delegation, led by housing committee chairman, Mr. Frank Allaun, urged Mr. Peter Shore, Environment Secretary, to review the housing policies "for the sake of homes, jobs and good name of the Labour Party."

But after a 75-minute meeting, Mr. Shore indicated that a circular setting out new controls on house building programmes would be issued to local authorities in the next few days.

Priority will be given to housing in "stress areas" mainly in Greater London and cities in the Midlands and North of England. Mr. Shore said yesterday: "I do not expect their housing programmes to be significantly affected."

In a statement after the meeting, the Environment Secretary said there had been some misunderstanding about the situation over the next two years.

"My aim has been to maintain housing programmes at the level agreed earlier this year in the February White Paper. Starts and approvals in the first part of this year have been running ahead of estimates and so inevitably there has had to be a corresponding reduction for the rest of this year and into 1977.

"Nevertheless, we expect local authority starts in England to average 100,000 a year over 1976 and 1977 as against a figure of 110,000 in 1975. As for completions, both this year and next, these will be higher than in any year since 1970."

Commenting on the reduction in funds for local authority mortgages, Mr. Shore said: "There has been a steep cut and I regret this very much. But this is an area where the least damage to the fulfilment of our housing objectives will be done."

Building societies had already promised to do as much as possible to fill the gap, he added.

Mr. Allaun said afterwards that the purpose of the meeting had been "to maintain and increase the pressure on the Government to think again." He added: "I think it has been useful."

Conoco group likely to make start on Murchison field

BY RAY DAFTER, ENERGY CORRESPONDENT

THE CONTINENTAL OIL exploration group is thought to be well advanced in its commercial appraisal of the North Sea Murchison field.

It is likely that the group, which includes the British National Oil Corporation and Gulf, will proceed with a development programme late this year.

Such a move could mark the beginning of a new development phase for the North Sea. It is two years since the last production platform was ordered in the U.K.

Conoco, as operator for the group, said yesterday that no decision had yet been made on Murchison. However, the group is reported to be discussing a possible platform contract with a number of yards, talks which are being followed with a good deal of interest by Government officials and the offshore supplies industries.

It is thought that the platform required would be similar in design to that recently completed for Burmah's Thistle field, which lies close to Murchison among the cluster of fields north-east of the Shetland Isles.

Laing Offshore, the Hartlepool fabricators of the Thistle platform, could be in the running for the order. The yard has just laid off most of its 2,000 workers.

Speculation about a steel platform order has been heightened by widespread reports about Conoco ordering a large quantity of steel from Germany. But Conoco has denied ordering steel from Germany or anywhere else.

According to Wood, Mackenzie, brokers, Murchison is believed to have some 320m. barrels of recoverable reserves. It is estimated that 75 per cent. of the reserves lie in Conoco's block 211/19 in the U.K. sector and that the remaining 25 per cent. lies in the Norwegian sector.

Post Office to spend £4m. on automation

BY OUR INDUSTRIAL STAFF

[T]HE POST OFFICE has placed [co]ntracts worth £4m. to extend [m]echanisation of letter sorting [to] another 10 centres.

It said yesterday that the [s]witch from manual sorting [w]ould be completed at the [ce]ntres within 18 months by [w]hich time about 27 of the [sc]heduled 80 offices would be [eq]uipped with code-sorting [e]quipment.

Around one third of mail [h]andled would then be sorted by [th]e automatic system.

The Mail Users' Association [h]as complained in evidence to [th]e Post Office review committee [t]hat the mechanisation pro[gr]amme is running between four [a]nd 12 years behind the target [s]et in 1967.

It has demanded an explana[tion] for the delays and expressed "misgivings" about the costing of the mechanisation programme.

Mr. Michael Corby, the associa[t]ion director, said last night that [t]he Post Office had not provided [a]ny objective guidance on what [b]enefit the consumer would get [f]rom mechanisation.

"The corporation talks about [h]olding down the running costs [o]f the postal service, but how [m]uch is this worth and when [w]ill the customer get it?"

The Post Office said that the progress of the mechanisation programme would depend upon the level of investment which could be made in new machinery and buildings. This in turn would depend on the future financial position of the postal business.

If the investment spending planned for the next 18 months could be extended, the programme should be completed by the early 1980s.

Centres benefiting from the £4m. contracts announced yesterday are London's Mount Pleasant sorting office, and the head offices at Leeds, Manchester, Birmingham, Liverpool and Bristol.

Another four centres will be equipped under this phase of the programme, but final decisions still have to be taken about the locations.

Sperry Gyroscope, of Bracknell, has won work worth nearly £1m. for its Plymouth and Bracknell factories. Frazer-Nash, of Kingston-on-Thames, was awarded contracts worth £1.4m., and GEC Mechanical Handling orders valued at just over £1m.

Plessey's plant at Poole, and ITT Components Group of Europe, at Rhyl, will also supply equipment.

Haulage plans attacked

By Our Industrial Staff

NATIONALISATION of road haulage would be "little short of disastrous," according to the Freight Transport Association.

The association, in supplementary evidence published yesterday on the Government's transport policy consultation document, says: "Our experience as users of road haulage under the nationalised regime of the 1947 Act was extremely unfavourable, particularly in the violent escalation of rates which it produced."

The Government had recognised nationalisation would create disruption and dislocation, but a repeat experiment would present more problems.

Vigorous opposition is also expressed to the proposal that control of Freightliners might be transferred to British Rail. "Any attempt to do so would bring considerable dislocation with no gain for the user."

The Chartered Institute of Public Finance and Accountancy says in its reply to the document that a consistent accounting practice is needed for transport costs so that the efficiency and effectiveness of different modes can be compared.

The Conservation Society has criticised the consultation document for "an unspoken preoccupation with the need to bolster the British car industry."

Problems over accounts

BY MICHAEL LAFFERTY

THE PROPOSED EEC seventh directive on consolidated accounts differs in important points of fundamental philosophy from U.K. law and practice, according to evidence to the Commons Committee on EEC Legislation by the U.K. accountancy bodies.

The EEC directive, which defines a "group" in terms of those enterprises under central and unified management, could, in a minority of cases lead to substantially different results being declared by companies than those given under the U.K. system, the accountants believe.

In the U.K., as in most leading industrial countries, a group is defined in terms of a parent company and its subsidiaries—companies in which it owns more than 50 per cent. of the capital.

The common ground of the two concepts is where one company owns more than half the equity of another and exercises central and unified management.

The accountancy bodies say that both these concepts of what constitutes a group have merit, and suggest that a possible solution would be to converge both systems, so that whichever was adopted supplementary information should be required in summary to make good any omissions arising from preferring one method to the other.

New electric equipment safety rules

By Donald Maclean

NEW SAFETY requirements for household electrical equipment will come into force from September 1, though many of the provisions being made will not take effect until 1977-78.

The requirements are contained in regulations laid before Parliament by Mr. John Fraser, Minister for Prices and Consumer Protection.

"They prescribe," Mr. Fraser said, "some additional safety requirements for certain items of domestic electrical equipment"—such as lampholders, lighting fittings and switches—and require appropriate electrical equipment to have "an effective cord anchorage or other suitable device to prevent tension in the flexible cord being transmitted to the terminals."

The new regulations also give exemption from certain provisions of the 1975 regulations, and have been introduced after consultation with interested parties. They apply to electrical equipment designed or suitable for domestic use at a voltage of 50 volts or more.

The Electrical Equipment (Safety) (Amendment) Regulations 1976, SI 1976 No. 1208; SO, 20p.

Another Maritime Fruit ship sold for £3.3m.

BY JOHN WYLES, SHIPPING CORRESPONDENT

THE FORCED sale of Maritime Fruit Carriers' ships has continued with the purchase by Greek interests of the oil tanker Dora for $6m. (£3.37m.).

The sale is subject to the approval of the Canadian courts in Quebec where the ship has been under arrest for several weeks. The deal is the fourth to be completed by Marine Midland Bank which claims to have recouped a substantial proportion of its loans to Maritime Fruit.

The Dora is a 97,000-deadweight-ton tanker built in 1972 and her price from a distressed sale reflects the strength of demand prevailing at the moment for secondhand tonnage of this size.

More forced sales of Maritime Fruit ships are expected unless Sea Containers Incorporated succeeds in persuading creditors to reschedule their loans and release up to 20 refrigerated ships for trading in a new Bermuda company which has been set up in partnership with Maritime.

The Danish Shipbuilding Credit Foundation was reported yesterday to be close to making a decision on Sea Containers' proposals. The foundation has four vessels under arrest and proceedings have started for the forced sale of one of them, the Orchidea.

Shipbuilders work at top speed despite recession

BY JOHN WYLES, SHIPPING CORRESPONDENT

WORLD SHIPYARDS have been working their way through their order books at a record rate this year in spite of a critical shortage of orders, according to the latest Lloyds Register Shipbuilding Returns.

The returns show that in the first half of this year output reached 17.249m. gross tons—294,000 grt higher than the same period last year and 1.34m. grt above the 1974 total.

It remains to be seen whether this trend will continue throughout the year. Sweden is aiming to reduce output by at least 20 per cent. and the Japanese Government is instructing its leading shipyards to reduce man-hours worked from October. Japan's output so far is 356,000 grt above last year and the United Kingdom's 33,000.

The world order book—at 67.095m. grt—is already at its lowest level for six years, only half of the March 1974 total. On the present rate of ordering—6.5m. grt world wide in the first half of 1976—total new business placed with shipyards by the end of the year may be no more than 18 per cent. of the 1973 total of 73.6m. grt.

With 22.74m. grt still on the books, Japan tops the world league table of shipbuilding orders followed by Sweden (4.96m. grt), the U.S. (4.79m. grt) and the U.K. (4.52m. grt).

Japan's order book is now at its lowest level since June, 1970, which helps to explain why its shipyards are feverishly hunting for business.

This has brought repeated allegations of unfair pricing from European shipbuilders. On Monday, the West German Shipbuilders accused the Japanese of "ruinous competition."

Lloyds Register Shipbuilding Returns for the quarter ended June 30, 1976.

ICI confirms deadlock in Sicily venture

FINANCIAL TIMES REPORTER

[I]MPERIAL Chemical Industries [h]as confirmed reports that its [jo]int venture project with Monte[di]son to establish a 100,000 tons-[a-]year analine plant in Sicily is [de]adlocked because of opposition [by] local authorities.

Opposition has arisen because [of] growing concern about [ch]emical pollution in Italy. The [sc]heme, announced in April last [ye]ar, is expected to cost between [£1]7m. and £20m. Production is [sc]heduled to begin in the second [ha]lf of next year.

Montedison has said that the [pr]oject had Government [ap]proval. The company had [gi]ven guarantees against possible environmental hazards.

● A full statement on the Coalite and Chemical Products factory at Bolsover will be given at a meeting of the local district council to-day.

It will be made by Councillor Eric White, who said yesterday that he would explain the situation and ask members for their comments.

It is understood that the council will consider future production of Trichlorophenol at the plant, which has been closed temporarily. The findings of the Health and Safety Executive are expected to be completed this month.

THREAT OF CHEAP ELECTRONICS IMPORTS

Industry on the blink

BY LORNE BARLING

THE U.K. consumer electronics industry will cease to exist in five years unless the rise in imports is halted and present trends reversed, the Government was told by the industry yesterday.

It pointed out that the industry annually produced goods worth about £500m. and employs 48,000 people. A sizeable part of the components industry, which last year had a turnover of £650m., was at present employing more than 125,000 people.

These warnings were given in a document compiled jointly by the major companies concerned — Thorn Consumer Electronics, GEC Radio and Television and Philips Electrical.

Representatives of these companies and trade unions yesterday met Mr. Edmund Dell, Secretary for Trade, and Government officials, to seek solutions to the problems.

It was argued that regarding employment, the basic question was whether jobs are to be preserved in Britain or transferred to South East Asia and the Far East.

The document, which formed the basis of representations to the Government, said: "The U.K. industry is now in a critical state as a result of unfair competition from Far Eastern countries, notably Japan."

Manipulated

"Unless immediate steps are taken to regulate this competition, the collapse of the industry in a matter of years is inevitable."

It was claimed that foreign prices bore no relation to the cost or exchange rate movements, and that overseas manufacturers seemed determined to manipulate prices to damage the U.K. industry. Thus their competition could not be considered fair.

Japanese manufacturers of consumer electronics equipment and components were using "predatory pricing policies," with a step-by-step strategy of attacking one part of the market, then another.

Last year the pressure was on colour television tubes, which was partly responsible for closing Thorn's Skelmersdale plant, and now U.K. monochrome television production was under attack.

"Colour television will almost certainly become the next prime target. Having last year eliminated half the U.K. production capacity for tubes, the Japanese are now in a much stronger position to make inroads into the colour set market," the document said.

The potential impact on the U.K. components industry was illustrated by the fact that of the four or five major sectors of the electrical industry which use components, consumer electronics was the largest. In 1975 it took some 45 per cent. of the output, including picture tubes.

Employment levels have also fallen significantly in both consumer electronics and components industries. In July 1973, 207,400 were employed in both sectors, compared to 174,800 in March this year.

The document admits that since 1973, the import share of the overall consumer electronics market had stabilised at 36 per cent., but the import share of monochrome TV sets and audio equipment had continued to rise. Since 1973, some 85 per cent. of radio sets sold in Britain had come from the Far East.

The monochrome market was described as "under immediate threat." From January to June this year, 267,000 sets had been imported, compared with 173,000 in the same period in 1975. Most of this sharp increase had been contributed by Japan and Taiwan. If this trend continued, the total import figure for the year would approach 550,000.

Because of a policy of "voluntary restraint" agreed by the Japanese Government, imports of colour TV sets had remained stable in 1975 at 15 per cent. of the market.

"Although colour television imports have been at a comparatively low level since the beginning of the year, they are following a pricing policy designed to weaken the U.K. set-making industry."

In spite of Japanese inflation and large wage increases, and a fall in the value of sterling against the Yen, there had been only a slight increase in the CIF prices of imported sets.

Determined

The Japanese seemed determined to keep their prices stable in the U.K. at all costs to maintain, and if possible increase, their share of the depressed U.K. market and "putting themselves in as strong a position as possible to the upturn in trade," the document adds.

"The experience over colour tubes should provide a sober warning to anyone who wishes to see the maintenance of the consumer electronics industry in Britain backed by a healthy components sector, and the maintenance of jobs in this part of British industry."

At present the British Government is continuing its policy of keeping imports in the sector "under surveillance" and believes that this is providing an effective monitor of Japanese intentions.

Cobden starts £½m. expansion

By Our Industrial Staff

COBDEN CHADWICK, the Oldham engineering company, has started a £500,000 expansion programme which has attracted Government Industry Act aid.

Over the next three years, the company should increase capacity by 25 per cent., and will provide another 36 jobs (155 are at present employed).

Cobden claims to be the world leader in the manufacture of flexographic printing presses for wallpaper and transfer paper.

More youngsters sit exam

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MORE THAN four in every five of the 692,000 youngsters who left school in England and Wales last year had taken the national GCE or CSE examinations, according to provisional statistics released by the Department of Education and Science yesterday.

In 1959-60, before the compulsory school age was raised to 16, the exams were attempted by fewer than three in every five of the leavers.

Last year, about 82 per cent. of the total took the tests, and since "failure" has now been notionally abolished at GCE Ordinary level as well as in CSE, just over 80 per cent. of the total were awarded some grade.

Imported cars show big rise

BY TERRY DODSWORTH

[I]MPORTS have reaped by far the greatest advantage from [t]he resurgence in the British [n]ew car market this year, [a]ccording to figures published [b]y the Society of Motor Manu[f]acturers and Traders.

The statistics show that dur[i]ng the first seven months of 1976 foreign car sales have gone up by almost 30,000 units, while home-produced vehicle registrations have increased by only 13,000. Because of expected production difficulties in several British factories during the next two months, it is now virtually certain that the U.K. industry will be unable to pull back this lead during the rest of the year. Common market imports have made the greatest impression on the U.K. this year, increasing by more than 2 per cent. to 22.5 per cent., while the share taken by Japan EFTA and the Comecon countries has shifted slightly downwards.

U.K. car registrations

	July				7 months ended July			
	1976	%	1975	%	1976	%	1975	%
[Fo]rd	17,643	31.62	11,135	19.41	204,184	27.14	144,682	20.36
[Br]itish Leyland	14,464	25.93	17,949	31.28	203,569	27.05	227,924	32.07
[Va]uxhall	4,180	7.49	4,607	8.03	65,938	8.76	52,881	7.44
[Ch]rysler	3,662	6.56	5,852	10.20	50,064	6.65	61,719	8.68
[To]tal British	37,611	67.42	38,251	66.66	488,376	64.90	475,248	66.87
[Da]tsun	2,741	4.91	3,236	5.64	37,845	5.03	42,212	5.94
[R]enault	2,287	4.10	3,022	5.27	32,438	4.31	35,143	4.94
[V]W	1,397	2.50	1,764	3.07	24,697	3.28	26,726	3.76
[Fi]at	2,075	3.72	1,703	2.97	24,547	3.26	21,742	3.06
[To]tal imports	18,179	32.58	19,127	33.34	264,100	35.10	235,508	33.13
[G]rand total	55,790	100.00	57,378	100.00	752,476	100.00	710,756	100.00

APPOINTMENTS

Lloyds Bank executive post

Mr. B. I. Pitman, joint general manager of Lloyds Bank, is being seconded to LLOYDS BANK INTERNATIONAL as an executive director from October 1.

★

M. Henri Freiberger has been appointed chief executive of SNR BEARINGS (U.K.) in place of Count Hervé de Vaumas, who will be returning to France in October to assume new responsibilities in the international division of the parent company, Societe Nouvelle de Roulements, a subsidiary of Regie Renault.

★

Mr. Victor P. Rigby has been appointed to the new post of group executive director of engineering of EDBRO (HOLDINGS). He has relinquished his responsibilities as director of manufacturing and Mr. David Wignall has become general works manager of Edbro Ltd.

★

Mr. Roger Farrance has been appointed industrial relations adviser to the ELECTRICITY COUNCIL. He succeeds Mr. Denis Bell, who is now chairman of the North Western Electricity Board. Mr. Farrance has been deputy industrial relations adviser (negotiations) for the past year.

★

Mr. David Duke-Evans is to become director of the FEDERATION OF BAKERS from September 1. He comes to the federation from the position of director of the Woollen and Worsted Trades Federation.

★

Mr. W. E. Preston has been appointed sales and marketing director of FORD AND CO. (SOUTH SHIELDS).

★

Mr. M. Whale has been appointed a director of DEVITT (D.A. INSURANCE), part of the Devitt Langton and Dawnay Day Group.

★

Mr. Fernando Ravinet has been appointed by ROCKWELL INTERNATIONAL as managing director for automotive operations in continental Europe. He was previously managing director of the Rockwelle Golde Group based in Germany.

★

Mr. Martin Straus has been appointed executive director of FOSTER LINTON AND CO. (INSURANCES). He remains chairman of Jesmond Securities.

★

Mr. Geoffrey Milligan has been appointed a local director of the London Northern District of BARCLAYS BANK.

★

Mr. Anthony W. Fay has been elected vice-president, European operations, for DATA 100 CORPORATION and continues as general manager for Europe.

★

Mr. John R. Sclater has been appointed managing director of NORDIC BANK from October 1. He succeeds Mr. Dudley W. C. Allen, who becomes vice-chairman, giving his whole time to the bank. Mr. Sclater joins Nordic Bank from Williams and Glyn's Bank, where he is a deputy director. Mr. Jan G. T. S. Ankarcrona, an associate director of Nordic Bank, joins the Board on October 1 as deputy managing director. Mr. Arild R. Aasbo joins the bank as an associate director from September 1 on secondment from Den norske Creditbank, Oslo, where he is currently general manager, international finance. Mr. Frithjof S. Platou, an associate director, who has been with the bank since its inception in 1971 following several years with Den norske Creditbank, leaves in October to establish his own business.

★

Mr. Kenneth Kitching, Capper-Neill group director and managing director of Capper Pipe Service Company, has become first chairman of the recently formed Process Pipework Group of the PROCESS PLANT ASSOCIATION. Mr. H. D. Wilson, managing director of J. and T. Lawrie, has been made vice-chairman. Mr. M. H. L. Whitehouse has been appointed by the PPA as the new group's first full-time director.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● AUTOMATION

Shoes decorated at high speed

AT THE mention of the word "fashion" most people think of garments, but the accessories that go with them are *just as* important and every bit as much subjected to fashion trends. Possibly the most important single item must be shoes.

Colours and styles change but one continuing theme must be that of stitch decoration which is to be found not only on shoe uppers or vamps. Equally, the panels of boots may carry some sort of stitched decoration, the bulk of which is, at present, carried out on single - head machines, although a more recent introduction has been the development of complex and expensive electronically controlled patterning.

Now, a completely new approach to stitch decorating has been introduced by Maschinenfabrik Carl Zangs, Germany (British agent: Devoge and Co., Manor Road, Droylsden, Manchester M35 6PH. Tel. 061-370 2442). Not only is the equipment simpler and less expensive than electronic equipment, but it also is designed to produce six identical components at a time, and at a stitching speed of 240 stitches per minute.

The new Zangs model 7640/25Z is controlled by the classical punched card which is easy to prepare and inexpensive. It is not, of course, a machine that is confined to application to leather, but will decorate all the alternative materials now being used in the shoe and leather trades. Where the machine looks as though it will be of particular appeal is that not only does it produce six decorated items at a time, but it can be operated by semi-skilled workers which is not possible on conventional machines.

The workpieces are simply mounted into a frame which moves them beneath the stitching head. While the six heads are running, the work from the previous group can be removed and blanks inserted so that the machines stop only long enough for the holders to be changed. The area that can be decorated is 250 mm x 200 mm—say 10 inches x 8 inches, and anything up to a 4 mm stitch length can be thrown.

Recently the equipment was shown at the Pirmasens Fair in Germany where a number of British visitors expressed considerable interest in it for possible application in the British shoe trade.

● METALWORKING

Chuck holds difficult shapes

DEVELOPED to overcome the disadvantages encountered in both independent and scroll type four-jawed chucks in production service, the Benny chuck will correctly and accurately locate workpieces repeatedly in any selected position on or off centre and automatically compensate for variations in workpiece dimensions or shape, sharing out the amount of workpiece oversize or undersize on each side of the chuck centreline in both directions of a right angle.

The four jaws are neither independent nor interdependent but are arranged in two pairs, each pair being independent of the other pair. The two jaws of each pair are diametrically opposite to each other across the chuck and move towards or away from each other at an equal rate.

The two jaws of each pair can be set at any position between equidistant from centre to an unequal distance from centre, limited only by the capacity of the chuck. This means that it can be set to hold squares, rounds, rectangles, ovals and almost any odd shape on or off centre.

Once the chuck is set to hold the workpiece in the desired position successive workpieces can be positioned and gripped accurately in seconds without need for skill.

Robust construction and a variety of hard and soft jaw shapes together with a service to produce specials on request make the unit attractive to many *machine tool users.*

Benny Engineering, Bingswood Works, Whaley Bridge, Stockport, Cheshire. Whaley Bridge 2586.

● RESEARCH

Welds made without shut down

IF IT WERE possible to tap existing high pressure systems for oil, water, gas or whatever and provide welded connections in complete safety without having to close down the pipe network, a great deal of time and money could be saved and there is a considerable amount of industrial interest in the possibility of establishing the required connection and safety techniques.

Battelle, at its Columbus laboratories, is now into the first stages of a research programme concerned with welding connections to pressurised pipelines and plant piping systems. Initially, the five month study will be devoted to the collection of data on methods and specifications for welding procedures which come under the heading of "hot tapping."

Details include such things as the pressure under which the welding is carried out, design and types of reinforcements needed as well as the welding sequence and inspection procedures.

Backers of the Battelle study are largely petroleum and power utility companies and the research organisation's view is that if hot tapping can be achieved with a system as close to normal operating pressures as safety rules permit, there will be a cut in production losses resulting from down-time and bringing the system back to regular operating conditions.

The study is expected to define problem areas and suggest further research and development while providing, for the first time, a single source of practical information to guide operational and maintenance staff.

Further from Dr. D. G. Howden, Battelle, 505 King Avenue, Columbus, Ohio 43201, U.S.

Wind power in hundreds of homes

THE LARGEST windmill ever will be built during the next two years in a test programme sponsored by the Energy Research and Development Administration (ERDA) and the National Aeronautics and Space Administration (NASA).

The two agencies have selected the General Electric Company, Valley Forge, Pennsylvania and the Hamilton Standard Division of United Technology Corporation, Windsor Locks, Connecticut to design and build under a contract with the industrial team for approximately $7m. a 1.5 Megawatt wind turbine electrical generating system. The 20-month contract includes an option to build a second wind turbine.

The windmill, to be set up in 1978, will have two slender glass-fibre rotor blades spanning 200 feet, perched on a 150-foot tower. The windmill will rotate at 30-40 revolutions per minute in winds of above 11 miles per hour and will reach its full power output at winds of 22 mph. At a site with average wind speeds of 18 mph., for instance, this machine could produce enough energy annually to supply over 500 homes.

The major portion of the contract cost will cover design and engineering. The General Electric Company will be responsible for the overall system design and assembly while the subcontractor, Hamilton Standard, will build the rotor blades and hub. The option to build a second 1.5MW wind turbine is estimated at an additional $2.5m.

When completed, the 1.5MW wind turbine will be bigger than what was the largest windmill in history—the 1.25MW 175-foot diameter Smith-Putnam system built in the 1940s at Grandpa's Knob, a hilltop near Rutland, Vermont. That project encountered some structural problems, but since it could not compete economically with the then low cost of fossil fuels, private funding was insufficient to perfect the system and it was abandoned.

NASA, Lewis Research Center, 21000 Brookpark Road, Cleveland, Ohio 44135, U.S

● CONFERENCES

Materials and their proper use

INCORRECT use of a material may result in a major disaster. The potential for this exists in any large industrial plant. It can also affect a large number of people through a health or safety risk associated with a widely used material such as asbestos insulation, inflammable organic materials and chromate-containing paints. Procedures *do or should exist to minimise* these potential hazards.

A conference is being organised to consider the way in which materials are developed, selected and applied, and further, to discuss the use of standards, codes of practice, regulations and the role of inspection and monitoring to ensure the safe use of materials. It is hoped to identify areas of concern and consider improvements that can be made to existing safeguards.

Topics may include recognition of hazards, the generation and transfer of technical knowledge, monitoring of new materials and applications, design procedures and the drafting and enforcement of Acts, regulations etc., controlling the use of materials.

Offers of papers and contributions, preferably accompanied by a short abstract, should be sent in the first instance to G. D. Sims, Hon. Secretary, Materials Science Club, Division of Materials Applications, National Physical Laboratory, Teddington, Middlesex. 01-977 3222, ext. 3564.

● HANDLING

Pumps are made safer

IMPROVEMENTS aimed specifically at a much higher degree of safety have been carried out after intensive research on pump materials and operating modes *by Crest Pumps of Wimborne.*

Improved fluid circulation and cooling to the mechanical seal area of the pump range made by the company is one result, together with better internal clearances to handle wider temperature fluctuations. As an alternative, double mechanical seals with flush are available on demand.

Heads of up to 150 feet and capacities up to 500 gpm (45 metres and 135 cubic metres/hour) are catered for and materials of construction range from polypropylene and ptfe to stainless steel, titanium and *Hastelloy, as the application requires.*

Plastics parts are machined from solid to give a better degree of freedom from cracking.

Crest Pumps, Uddens Trading Estate, Wimborne, Dorset, BH21 7NH. 0202 874411.

● LIGHTING

Switches on only when needed

AN inexpensive (£7 plus VAT) unit from Photain Controls will ensure that lighting is switched *on only when really needed.*

Self-contained in a plastic-domed waterproof housing suitable for outdoor mounting, it contains a cadmium sulphide cell which monitors the daylight: when there is less than 70 lux the lighting load is connected, and when it rises to 140 lux switch-off occurs. Switching capacity is 600 W of tungsten or 500 W of mercury or fluorescent lighting.

A bi-metal relay inside the unit provides a 60 second delay for switching, to prevent false operation due to car headlamps or similar short duration changes in ambient lighting.

Apart from saving electricity, the unit also makes certain that where lighting is installed for safety reasons, it is on when it *should be. The unit also has the* advantage that no adjustment is needed for the time of year, and it is also claimed to be maintenance-free. The company is at Unit 18, Hangar 3, The Aerodrome, Ford, Sussex. (Littlehampton 21531).

Lights a wide area

HIGH brilliance illumination of a wide area is provided by a xenon-tubed floodlight/searchlight put on the market by the electron device division of ITT Components Group.

Called the FX-50, the lamp produces a *900-feet* beam diameter at 3,000 feet and 1,950 feet diameter at 6,500 feet. The beam intensities at these distances are respectively 50 times and 12 times full moonlight. The maximum light output is 495,000 lumens.

Possible uses include search and rescue operations by both rotary and fixed-wing aircraft, illumination of areas by police, fire and security organisations, and the illumination of sports stadia and factory sites. More from Brixham Road, Paignton, Devon (0803 550762).

● OFFICE EQUIPMENT

New microfilm readers

IN LINE with the rapidly increasing use of computer output on microfilm and the resulting widespread application of microfiche in information retrieval, Agfa-Gevaert has undertaken an extensive design task aimed at producing a new series of high performance fiche readers for every commercial application, including those demanding portability.

The first two machines, brought out yesterday, are the Copex LF 101 and LF 202, built to the recommendations of the National Micrographics Association to include such things as convection cooling and modularity.

Completely silent in operation, the units have a halogen lamp which will give about 1,000 hours of operation and maintenance is kept to a very low level.

Both the new models can operate from mains or battery, tackle virtually any type of fiche and have a new type of anti-glare screen to eliminate all reflections.

The 202 is portable and has a number of devices to make it perform as well as a stand-alone unit. For instance, the screen can be placed vertically or horizontally according to the formats being viewed.

These new products of the Copex division of Agfa-Gevaert complement existing viewers and, with copiers and COM equipment are attracting business on such a scale that a 50 per cent. improvement in turnover in this division can be expected for the current financial year.

Agfa-Gevaert, Great West Road, Brentford, Middx. 01-560 2072.

● MATERIALS

Sealants in difficult applications

EPOXY RESIN formulations that will set under water to a tough rubbery form are being made available for general use. Developed initially as a military project, the material is a two-part elastomer-modified epoxy resistant to salt water, oils and many chemicals.

Offered initially for running repairs on small craft, the material has obvious applications where a difficult sealing job has to be done in wet conditions.

BTR Development Services on 0283 61611.

Another formulation suitable for tough work is an adhesive sealant which eliminates the need for conventional gasket materials. It is being marketed by Rocol, of Swillington, Leeds.

There are two versions and both resist pressure, vibration, shock loads and chemical attack while the absence of shrinkage means that there is no loss of clamping bolt tension.

Rocol is on Garforth 2261.

Insulates and resists flame

TO BE used for insulating roof linings, wall and ceiling linings and suspended ceilings, a range of fire-resistant, thermal insulation panels for industrial, commercial and domestic buildings has been introduced by Bradley Laminates, a British Aluminium subsidiary (01-839 8888).

To be marketed as Bradley Firebar panels, they consist of a core of lightweight, rigid Phenexpan (phenol-formaldehyde foam) to which various materials *are laminated.* It is this core which not only provides thermal insulation but also fire protection.

The company says the core conforms to BS 4735 Class Q and the panels to BS 476, Part 5 (Class P), Part 6 (−120.6, subindex 7.5), Part 7 spread of flame, and Part 9, minimal smoke production and transmission as well as passing the DTI M592 marine test.

● QUALITY CONTROL

Pipe test facility

BELIEVED to be the largest high pressure pipe test trench in the U.K., a facility at the Stanton Works of the Stanton and Staveley Group is unique in being able to test large diameter pipes under conditions of combined earth loading and air or hydraulic internal pressure.

It can accommodate a maximum end thrust of 950 tons force. A maximum earth-loading capacity of 2 tons force per square foot can be applied via an arrangement of loading frames and rams which simulate different types of ground pressures. The trench can also be flooded. It is used to test pipes and joints up to 1900m diameter at internal pressu up of 33 bar, with simultanec top loading.

Stanton and Staveley, POB near Nottingham. Ilkest (0602) 322121.

Flying controls by DOWTY Cheltenham, England

Shows fault in lengthy component

A SYSTEM employing capac discharge for the detection surface faults and discontinui in long components where normal prods or magnetic coils would be impracticable been announced by Ardrox.

The unit contains a bank capacitors in which charge be built up over a period about 10 seconds and shorted through the metal tion to give a very high curr pulse lasting a few milliseco

Originally developed for t ing railway track, the unit all an instantaneous flux thre out the metal section equival to what would otherwise req many hours by normal magn inspection methods.

Magnetic ink is applied be or after the discharge, lengths up to 30 feet can dealt with. Faults are pinpoi both *longitudinally* and tr versely states the comp Ridgeway, Iver, Bucks SL0 (0753 651812).

● COMPONENTS

Metricates weighbridge

COMPANIES and others wit weighbridge that has to be c verted to a metric scale mi be interested in the Lectrole Conversion set put on the ma by Toledo Scale, Fir Tree La Groby, Leics (0533 59842).

Using the set the old la type of weighbridge can updated to load-cell weigh with electronic digital indica Easily installed, it gives advantages of faster an remote indication and outp a wide range of ancillary eq ment for data collection vehicle control

A useful feature is mechanical load cell vibrat damper which suppresses wanted vibrations from nea *machinery, passing traffic* running vehicle engines.

Possible accessories incl two printer models, a dig tare module, scoreboards, tra lights and alarms. Multi-platfo installations are possible, with single or multiple u indication. A single 8130 in cator, for example, can read a print gross weights and a weights individually, or total the platforms as required.

APPOINTMENTS

FINANCIAL TIMES REPORT

Wednesday August 11 1976

Offshore Investment Centres

Criticism in some quarters of the role of offshore investment centres has proved no brake to progress. Indeed, demand for their services continues to grow.

Role in world finance

By Thomas Kelen

[TH]ERE have been few develop[me]nts recently in the offshore [fin]ancial centres. This is hardly [sur]prising since their livelihood [de]pends on a stable and secure [leg]al and political environment. Residents of the high-tax [cou]ntries have been less for[tun]ate. Changes in such [cou]ntries inevitably have their [re]percussions on the flow of [fun]ds and of individuals abroad.

The introduction of negative interest rates and other monetary restrictions in Switzerland made the Swiss franc as an investment currency less attractive—but not so Switzerland as a financial centre itself. The liberalisation of foreign exchange control in Singapore has extended the available financial services. In general terms, however, it did not change the status of Singapore as one of the leading offshore centres.

We have seen a small drift away from certain European centres such as Luxembourg, sometimes to very minor tax havens such as St. Vincent in the Caribbean, where there are still no restrictions on what may be described as a bank. The privileges enjoyed in some *European centres have raised* some eyebrows in the EEC Commission.

Civil war in the Lebanon has eliminated Beirut as a financial centre, and *talk* of fierce competition and sometimes perhaps exaggerated claims have been made about possible substitutes. It is questionable whether there is really a genuine need for a replacement. However, Bahrain was quick to welcome the international banking community with a fairly open-door policy. The United Arab Emirates, at roughly the same time, offered similar facilities although the *number of participants are still* strictly limited.

Newcomers

New centres emerged under government control. One is Nauru, a remote island in the Pacific which now offers "tax *haven" facilities; Jordan has a new set of legislation aiming* to give full offshore services in the very near future. Cyprus and Greece removed restrictions to attract more international business and conferences were held in Cairo and Tehran in order to bring together the lead*ing expertise of the* sophisticated Western financial centres with the representatives of the local governments to discuss further possibilities.

The role of offshore financial centres is changing, although this change is evolutionary rather than revolutionary. But the principal features of the off*shore centres themselves* are not.

The absence of direct taxation on any particular transaction and the freedom from exchange control are prerequisites. The point of particular transaction should be given the real emphasis here, because the *total* absence of taxation and exchange control are not essential. London, Singapore and the Bahamas all have exchange control *restrictions* but they operate them liberally and intelligently in such a way as to give virtually complete freedom to intermediary business in non-domestic currencies. Panama, for instance—a classic example of a financial centre of its own *right*—imposes a *fairly* substantial tax burden on its residents and on most persons doing business there, but there is *no* tax on foreign-source profits.

Taxation is an important factor in the choice of a centre but the secrets of success are more subtle than just not *having taxes on foreign-source* profits. Much of the international business—for instance *when a bank borrows* on the interbank market and relends it *to another bank—is carried out* for a very small margin, say one-quarter per cent. or even less. A *tax* on net profits, that is the quarter per cent. turn less expenses, may not be a real deterrent although other things being equal it would be prefer*able to handle these transactions* in a low tax jurisdiction.

Taxes on gross interest are much more serious; a withholding tax, even at a modest rate of 5 per cent. would kill any offshore business more surely than a 50 per cent. tax on net profits. If a bank has to pay the 5 per cent. withholding tax on the money borrowed (and *assuming* that the lender is in a tax-free juris*diction*, therefore not interested in credit relief for the withholding tax) it will have to pay correspondingly more for its funds. The intermediate bank, *therefore, will not be com*petitive and would only borrow on the international market if domestic interest rates were raised sufficiently to justify the *payment of the extra tax.*

Withholding taxes on interest, as one may discover, thus become a tax on the domestic borrower rather than on the *foreign lender and make inter*mediary business in the particular centre impossible.

Location

Offshore banking business is also affected by reserve ratios imposed by central banks or other monetary authorities. If *the interbank market rate is* 9 per cent. and 10 per cent. of the deposits must be kept with the central bank, interest-free means that the bank must lend *at 10 per cent. just to break* even. Like the withholding tax this could be interpreted also as a tax on intermediation.

Countries seeking to encour*age offshore banking business* usually make special concessions designed to operate in such a way that control over domestic money supply is maintained. Other apparently small penalties, such as deposit insurance premiums and stamp duties can be sufficient to make international operations uncompetitive. An under-regulated *system on the other hand will* encourage the unsound and imprudent, and by lowering the general standards will discourage the growth of genuine business.

Last, but not least, the availability and efficiency of local infra-structure is very important. Good local advice (lawyers, accountants, etc.) may be forth*coming in many places* but good telecommunications, mail service and regular physical access by means of public transport are also essential.

Work permits for expatriate staff should not limit the growth *of international* activities and as much international business is done in English the availability of skilled English-speaking staff is important too. All *these details by now probably* would account sufficiently for the difference between an offshore financial centre and a simple tax haven.

"*Offshore*" *as opposed to* "onshore" should not be interpreted geographically. The actual location where a business decision is made, regardless of *the final geographical location* of funds and administration, could equally take place in a city office, a Kensington house, Miami Beach or elsewhere.

The use of various financial centres, including offshore investment centres, by the international business community has become a well accepted and *established corporate financial* technique. The already very complex business environment, which on top of that is sometimes changing extremely *rapidly*, has a genuine call for greater flexibility in operations. An individual may escape the heavy burden of taxation simply by emigrating; an entrepreneur might set up in the most con-

CONTINUED ON NEXT PAGE

Use by multinationals

[C]ONTRARY to popular belief [a] multinational company does [no]t solve all its tax problems [a]*nd deprive the host country* [o]f much needed revenue) by [fo]rming a financing subsidiary [i]n an offshore centre. Indeed, [ra]ising a bond issue out of [B]*ermuda or Luxembourg may* [i]n the first instance be counter[p]roductive. If a British or American company borrows on [i]ts own market the interest will [n]ormally be *deductible against* otherwise taxable profits. If the borrowing is a direct obligation [o]f a company with no taxable [i]ncome to offset, the borrowing [i]*s on the face of it* twice as [e]xpensive.

It is an elementary principle [o]f international tax planning [t]o try where possible to ensure [t]hat the income flow arises in [t]he group member company [w]ith the lowest effective tax [c]harge. It should be equally [o]bvious that where there are [c]harges against income *such as* [i]nterest the converse is true and [th]ese charges should be taken [w]here possible against profits [at] the highest available rate.

I particularly stress "where [po]ssible" because all industrial [co]untries have detailed and [ac]tively enforced *legislation* [de]signed to prevent the artificial [tr]ansfer of income under their [ju]risdiction into a tax haven. [Ne]vertheless, companies do [av]ail themselves to offshore [fin]ancing subsidiaries and [cle]arly they have good reason [fo]r so doing. Offshore financial [ce]ntres can play an *important* [pa]rt in company financial tax [pl]anning. Usually they do not [ac]hieve dramatic and improper [ta]x savings but merely give a [co]nsiderable degree of flexi[bil]ity and help to ensure that [the] same profits are not taxed [tw]ice *in different countries.*

A multinational group of [com]panies will have cash assets [an]d liabilities in several coun[tri]es and in several currencies. [Th]e *skilful management both of* [ca]sh resources and of borrow[ing]s is a major task of the [co]rporate treasurer. He has to [ta]ke account of two types of [no]n-tax *factor currency risk, and* [ex]change control (by whatever [na]me called). He has to take [ac]count of two tax factors—the [ta]x treatment of interest paid and received and the tax treatment of foreign exchange gains and losses.

The first of these is well enough understood, the second less so. Many British companies may soon be discovering that foreign exchange losses on long-term liabilities are not deductible even though competent *advisers have argued this point* in public and in private for many years. Some of the problems now coming to light could have been avoided by the use of *offshore financial centres.*

The first point to be made about interest on borrowings is that the biggest single source of corporate funds to-day are funds held by those who are not liable either to tax or exchange control restrictions in their countries of residence—the Eurobond and Eurocurrency markets. Contrary to the fears of some in the EEC Commission these funds are not typically of EEC residence evading their tax by sheltering behind Swiss numbered accounts, but represent Arab oil money, the funds of the overseas Chinese and to quite a large extent international pension funds which are tax-sheltered as a matter of deliberate government policy.

The *other element is* mostly money which has been extracted from Latin American and Afro-Asian dictatorships and is seeking insurance against a *change of regime. If such* funds can obtain a return of 10 per cent. tax-free for a particular currency, maturity and risk they will almost always be *invested in a country imposing a* 25 per cent. withholding tax on interest where they can obtain 13¼ per cent. gross from *that* money to give them the required 10 per cent. net. Many countries realising this have modified their tax rules deliberately to permit their native companies to borrow from this market without withholding tax.

Deduction

A British company can *borrow foreign currency,* pay the interest without withholding tax and obtain a deduction for the cost of the money borrowed. This deduction applies (or strictly can be made to apply by the use of a device known as the Swiss roundabout) even *though the funds are borrowed* for the purpose of foreign subsidiaries. Why then should a British company borrow through an offshore financial centre?

There are a number of reasons. The U.K. tax rules are generous in permitting the deduction of interest against U.K. profits even when the money is invested to generate profits which are not subject to tax in the U.K. (and in certain circumstances where the Dutch, for instance, would specifically disallow the deduction). If a British company borrows $10m. when the exchange rate is $2.50 and repays the borrowings when the exchange is $1.75 it will in sterling terms have to repay £1.7m. *more than it had* borrowed but gets no tax relief for this loss.

Those who five years ago borrowed dollars (or still worse *D-marks or Swiss francs) in* order to "save one or two points on the interest" will find that they greatly misjudged the exchange risk. The effective *cost of the borrowing would* have been over 20 per cent. on the basis that the exchange loss had been deductible. The actual cost, given the tax regime, has *proved to be well over 30* per cent. in many such cases and this extra cost could have been avoided with a proper understanding of the tax *position.*

In many cases a British company had to borrow foreign currency rather than sterling for exchange control reasons. *The corporate treasurer who* borrowed D-marks to invest in Germany might have been forgiven for thinking that because his assets and his liabilities *were in the same currency his* exchange position was hedged. He might be forgiven but nevertheless have made a very expensive mistake.

If he were to-day to realise his investment and repay his borrowings the company would be taxable on the chargeable gain, including that part of the sterling value asset representing the appreciation of the D-mark, but there would be no corresponding deduction of the liability. I know of one company which found itself in the position that if it sold a foreign asset and paid off its associated borrowings it would lose £1m. on the commercial deal but would have to deal with about £500,000 tax on the gain as calculated in sterling.

Work done and published about a year ago showed clearly *that, over a* five-year period, interest rate differentials between the major currencies consistently understated the exchange risk inherent in those currencies. Throughout that period the corporate treasurer would always have done best to borrow the apparently most expensive currency offered to him, whereas the investor in Eurobonds should have been going consistently for the lowest current yield.

International groups seeking to raise money for their operations generally have a choice between borrowing at parent company level (and seeking the interest deduction against parent company profits) or borrowing at the level of operating subsidiaries seeking the deduc*tion there.*

Exchange control factors will often limit the choice or at least restrict the range of currencies that can be borrowed in *one particular way. U.K.* exchange control regulations virtually compel overseas expansion to be financed by foreign currency borrowings and, as I have shown *U.K. tax rules* are generous about permitting deduction. Only when one looks at the anomalous and unsymmetrical treatment of exchange *risk is it realised that it is gen*erally *not* attractive to borrow at U.K. parent level.

Borrowing at subsidiary level, perhaps with parent company guarantee, can eliminate this exchange risk problem. With a *thinly capitalised company* which has $10m. assets and $10m. liabilities the exchange risk is probably asymmetrically hedged, as the U.K. parent *would be taxed only on the net* gain from disposing of the subsidiary.

Limitation

Borrowing at subsidiary level raises its own problems. First, *the tax laws of the country of* operation must permit interest to be deducted, and if the borrowing were to be on the Euromarkets, to be paid without *withholding tax.* This is often the case, although many countries have limitation on *thinly capitalised* companies and others have relevant exchange control restrictions.

There is also a practical difficulty. The parent company may *also decide that the time has* come to raise, say, $20m. on the international market. This money will be needed in several different countries and not *necessarily in the same* countries at the same time. There may be a major expansion in one particular country which makes it temporarily cash-hungry, or the company elects to have a positive cash flow two years *hence.*

A parent company wants to be sure that it has its $20m. on a long-term basis, but wants to be able to divert its money throughout countries and cur*rencies as situations change.* An offshore financial subsidiary can give this flexibility and can make it much easier to solve the exchange control problem. *The set-up does not, I repeat,* necessarily save any tax.

If the tax laws of France permit interest to be paid to a Luxembourg holding company *without* deduction of withholding tax they would equally well have permitted interest to be paid to the original arms-length lender on the same basis. The inter-position of Luxembourg does not reduce the tax *liability but merely provides* an element of flexibility for the group.

There are methods by which tax liability on interest can be reduced by intermediary companies and there are tax advan*tages, though in general limited* ones, to be derived in this way. Few companies can achieve the ideal, which is to ensure that all the borrowings are deductible against taxable profits, whereas the interest received accumulates tax free.

John Chown

Growing importance to banks

IT IS NOT realised sometimes just how great a reliance major international banks nowadays place on offshore financial centres. London's key role in the Eurodollar market (especially for U.S. banks) is well known. What is less well appreciated, however, is the growing importance of the more exotic offshore centres.

Until recently, these places were considered of use principally to smaller U.S. banks which wanted access to the Eurodollar markets but could not afford the cost of a London branch. Over the past few years, however, such centres have begun to assume an increasingly important role in the international banking strategies of the world's leading banks. That their increasing importance has gone virtually unnoticed may be partly due to the fact that bankers themselves are unwilling to draw attention to the phenomenon.

Two factors have been at work. First, growing restrictions in the more established financial centres have reduced banks' room for manoeuvre there, which makes most offshore centres which offer freedom from reserve requirements, interest rate controls and other onerous restrictions, look attractive.

U.K. BANKS' BUSINESS WITH OFFSHORE CENTRES

(£m.)

	1971	1972	1973	1974	1975	1976 (March)
U.K. LIABILITIES						
Bahamas	313	524	893	1,127	2,281	2,938
Hong Kong	85	158	560	957	1,380	1,521
Bermuda	212	319	456	690	814	916
Lebanon	166	215	217	603	753	783
Panama	348	403	673	803	749	918
Cayman Isles	1	27	174	245	691	816
Singapore	31	91	347	480	652	693
Liberia	92	120	276	277	299	388
Netherlands Antilles	70	84	96	113	149	149
New Hebrides	—	—	2	8	2	9
U.K. CLAIMS						
Bahamas	1,108	1,888	2,994	3,025	5,363	5,586
Singapore	167	392	684	1,237	1,742	2,048
Hong Kong	24	113	435	965	1,528	1,555
Panama	279	433	802	1,087	1,390	1,429
Cayman Isles	6	24	244	406	1,333	1,262
Liberia	90	187	448	565	813	820
Netherlands Antilles	230	259	271	154	183	181
Bermuda	57	81	115	144	136	119
Lebanon	12	6	37	52	69	69
New Hebrides	—	—	29	27	19	6

Source: Bank of England Quarterly Bulletin.
* External liabilities and claims of U.K. banks in foreign currencies.

Benefits

Second, the fiscal benefits of channelling business through so-called tax havens are becoming increasingly important. The case of U.S. banks operating in London illustrates the point. The London operations of U.S. banks pay U.K. taxes of 52 per cent., whereas the effective tax rate for banks in the U.S. is currently under 30 per cent. Consequently, the American banks are paying taxes on U.K. earnings which cannot be fully offset against their U.S. taxes.

By pushing business through the Bahamas, for instance, a U.S. bank escapes any immediate tax liability, although earnings will be taxed when they are eventually remitted to North America. However, until then the element of deferred tax works in the banks' favour and, more important, the bank is not paying excess tax which cannot be reclaimed.

As a result there are now clear advantages for a U.S. bank to book "discretionary business" through an offshore branch in the Caymans or the Bahamas. A loan to a Greek shipowner, for example, could be arranged by a bank's London office but may be funded out of its Singapore or Nassau branch and the profits may be taken in these places. Such book-keeping matters are delicate, and if the U.K. tax authorities can establish that the bulk of the work was done in London, the London branch can be taxed on the transaction.

Nevertheless a growing number of U.S. banks now feel that the benefits of putting more of their business through places such as Nassau are such that they outweigh the disadvantages of risking upsetting the U.K. Inland Revenue. The figures speak for themselves. During the twelve months to February, 1976, U.S. banks' London branches increased their assets by 8.8 per cent. to $72.9bn., while U.S. bank branches in the Bahamas and the Caymans increased their assets by 50 per cent. to $50.3bn.

To put this growth in perspective, in 1969 U.S. banks' foreign branch assets held in London were more than eight times as large as those held in the Bahamas (the proportion held in the Caymans was insignificant then). If this growth continues U.S. bank branches in the Bahamas and the Caymans will have overtaken those in London in terms of asset size by this time next year.

Looked at in isolation such figures are not all that meaningful. The Bahamas and the Cayman Isles continue in reality to be mere financial appendages of the City of London, which supplies them with a large proportion of their funds. But the figures do help to emphasise how the structure of offshore banking is changing.

The removal of U.S. capital controls is also having a profound effect on the offshore banking market. U.S. banks are doing far more of their former "offshore" lending direct from head offices. Since the removal of the controls three years ago, U.S. banks' foreign assets held at the head offices have risen by 134 per cent. to $63bn. By comparison offshore assets (via foreign branches) have grown by only 48 per cent. to $181bn. and while offshore business is still far more important for U.S. banks, the gap is closing and this is reflected in the fact that *more of the decision-making on* foreign lending is based at home. This in turn is adding to the revival of New York's international influence, which is emphasised by the steady stream of foreign banks which are setting up New York operations.

Another feature is the relative decline in the importance of London as an offshore centre, partly because of its tax disadvantages and partly because of more fundamental changes in the offshore banking market itself. In Europe, Luxembourg is considered by some banks as a *realistic* alternative *offshore* centre for the Euromarket. Last month two Danish banks—Privatbanken and Den Danske Bank—opted for the Grand Dutchy rather than London as a base for their Euromarket operations.

A better indication perhaps of how London's role in offshore banking is changing is given by the way various banks are reacting to the demise of Beirut—a formerly thriving offshore centre which used to be described as the "Zurich of the Middle East." Some, such as Citibank, have moved their regional headquarters to Greece, while a far greater number have removed to Paris. Bank of America has moved its Mid-East regional headquarters there and Fidelity Bank's affiliate, Banque de la Méditerranée (in which it has a 55 per cent. stake) has also opened in Paris. By contrast very few banks have moved their Mid-East operations to London.

At the moment such moves are regarded as holding operations only, and bankers are waiting to see whether Beirut can regain its former pre-eminence if, and when, the civil war finishes. But the longer this takes the greater the odds are against Beirut recouping its position in the offshore banking market.

A number of other Mid-East centres are picking up Beirut's lost business. Bahrain has been quick off the mark. Last October it set up an offshore banking enclave. So far 32 banks have been issued with offshore banking licences. They include most of the world's major banks and another 20 have submitted applications. There is a growing feeling that a substantial proportion of Gulf oil revenues will be deposited with Bahrain's offshore banks.

Progress to date confirms this. At the end of June the 16 banks actively trading had built up assets of $3.5bn. and observers believe that within a year the figure could be $10bn. This sort of growth far exceeds that of the Asian dollar market which, although operating for more than seven years, still amounts to around $13bn. only.

Bahrain is not the only contender for Beirut's former position. The United Arab Emirates (UAE) has announced that it is setting up a rival offshore banking enclave and will allow about 12 offshore banking units to operate in its territory. As with Bahrain, the UAE Currency Board wants only the world's largest banks to apply for licences.

Other aspiring Mid-East offshore centres are watching the progress of Bahrain and the Emirates with interest. Cairo has set up an offshore banking zone and could theoretically make an attractive alternative to Beirut but its advantages are clouded by the city's appalling communications and heavy bureaucracy. Teheran is another possible contender but its attractiveness, as with so many of the potential Mid-East centres, is lessened by insist ence on majority local contro of banking operations.

Jordan has recently throw its cap into the ring. A nev companies registration law ha been introduced, allowin foreign companies to set u local branches which w operate outside Jordan and w benefit from tax exemptio Apart from the tax incentive English is almost as widel spoken in Amman as it is i Beirut and its internation appeal is enhanced by high efficient telecommunications.

Outside the Middle East, o shore banking has been develo ing more slowly. Hong Kong progress continues to be i hibited by the existence of 15 per cent. withholding t and the authorities' refusal grant new bank branch applic tions. Since 1965 only one ba —Barclays Bank Internation —has been given permission open in Hong Kong.

In Singapore the rapid grow of the Asian dollar market h slowed down. At the end 1975 the 66 Asian Curren Units (ACUs) based in Sin pore controlled assets $12.6bn.—a 22 per cent. crease over the year. T market continues to rely heav on interbank activity and dependent on London for mu of its funding. At the end June last, Asian dollar loans non-banks stood at $3.5bn. a deposits from non-banks we $2.1bn.

To help stimulate furt growth of the Asian dol market the Singapore autho ties have announced a numl of tax changes in the rec budget. The tax rate on fe interest and commissio received by ACUs on offsh lending has been cut from per cent. to 10 per cent. addition, non-resident depo with ACUs and approved As dollar bonds or Singap Government tax-free bonds h by non-residents have b exempted from estate duty from the beginning of 1976.

William H

World finance

CONTINUED FROM PREVIOUS PAGE

venient place for his particular business. The corporate treasurer or finance director of a multinational enterprise, however, must learn to live and make the best out of the given circumstances.

The mere fact that no tax or exchange control restrictions exist in an offshore financial centre concerned does not, of course, mean that the use of such a centre will eliminate the user's tax and exchange control problems. The corporate treasurer must assume the role of what we might well call the "financial engineer" and optimise his problems. Optimisation in this case does not mean minimisation (that is avoidance) of tax but it means the maximisation of the after-tax profits on the capital employed.

Reverting to a more usual language, take the example of an international company setting up a subsidiary in a low tax jurisdiction. It may be able to arrange for part of its profits to be generated in or diverted to those territories in order to reduce or at least defer tax liability. This operation is immediately subject to attack from a number of directions.

Exchange control or tax rules in the parent country may prevent the setting up of the offshore company in the first place. Rules prohibiting the transfer of various assets or imposing a penalty on certain types of corporate reorganisations are more likely to prevent the transfer of existing activities than the setting up of new ventures.

Adjusted

The country from where the income is being diverted will try to protect its tax base from erosion. The offshore company may be assessed on its locally derived profits on the grounds that it is carrying on business through a permanent establishment or dependent agents within that country. Profits may be adjusted in respect of transactions between the onshore (that is, taxable) operating company and the offshore company.

Shareholders of the offshore company, whether corporate or individual, could be attacked in their country of residence. The sophisticated countries may tax the shareholders on their share of the profits arising in the offshore company, even though these are not distributed to the shareholders. Others may argue that in reality the offshore company is "controlled and managed" in their jurisdiction and not where it is incorporated. An enforced repatriation of profits or liquidation of the company could also be administered via exchange control.

Assume, however, that the operation is successful—that is the offshore company does exist and can be used as a "money-box." Funds would be accumulated here faster because, at least of the temporary tax-free environment, and will therefore increase the overall (that is international) liquidity of the group. These now may be put into effective use with increased flexibility. From an economic point of view there may be a temporary loss of revenue, however a faster expansion is financed which, quite apart from making profits for the company, will create employment and revenue and thereby enhances economic growth at an international level.

Guarantee

The offshore company may also be used as a "financial vehicle." It could borrow money without restrictions from the "best" sources available, although there are sometimes restrictive rules in the country of residence of the parent company governing the situation when a parent company guarantee is required for the undertaking of such borrowings. The choice of currency to be borrowed is free, however, with exchange rate fluctuations, and asymmetrical taxation of foreign exchange gains and losses on consolidated accounts has showed that the "cheap" currency may prove to be very expensive in the long run.

The choice between low and no-tax jurisdictions is not as straightforward as commonly supposed. A low-tax country with appropriate double tax treaties is often a more advantageous place of operation than a real tax haven (that is, no tax) in terms of the final result. Apart from the tax considerations there are valid commercial reasons for operating elsewhere, such as the existence of a ready market to absorb the product, the existence of supporting industries or the availability of the required labour force.

There are a number of other tax-saving arrangements, such as transfer pricing, by which products are routed at a modest price to a low-tax centre and the goods then invoiced on to the ultimate markets at higher prices. *Payments for royalties,* services and interest could accrue from various sources to a subsidiary or intermediate holding company in an offshore centre. Many of these arrangements are used in order to avoid double taxation because of the lack of the appropriate double tax treaties.

Offshore centres may have other sepcialist roles to play such as the use of the "flag of convenience" by shipping companies. Pension funds may use them for the benefit of long-term expatriate employees and the captive insurance companies can insure risks which could not be handled elsewhere.

It must be noted again that there is a time when the money-box is emptied; dividend is paid to the parent in a highly taxed country, or the company may be wound up. In any event, what has been achieved is a deferment of tax rather than its complete avoidance.

In recent years the anti-avoidance legislations have proliferated considerably, restricting the scope and capability of these operations. The EEC tax harmonisation measures have also diminished somewhat the importance of offshore centres. Nevertheless, the lack of withholding tax on interest payments allowing flexible international operations has retained the significance of offshore centres.

Despite the lack of economic growth in the developed countries, because of increasing government interference w international business, in v of the already self-genera tax-free economy, coupled enormous transfer of wealt the untaxed Middle Eastern the future of the "offsh club" is likely to be bright.

Profitability, however, remain only with those cen which provide impeccable out-of-the-ordinary services, obvious advantages such location, communications, so financial infrastructure and tical and legal stability. changing business environm of the developed countries always produce new or diffe uses for these centres, the fulfilling or rather justif their existence in promoting making more flexible the h fully ever-expanding inte tional business of the world

Husbanding personal wealth

...970 a group of businessmen ...ed to build their own tax ...n 4½ miles off the coast of ...da. Their ambitious plans, ...h included a gambling ...o, a TV station and an insti... "where people could bank ...umber just like they do in ...erland," came to nought ... the authorities heard ...t it, as did plans a ...years later to develop the ...ic atoll of Minerva into the ...ever semi-submersible tax ...n (at high tide it sank from ...).

...ile such schemes can be ...issed as the work of eccen... they do say something ...the growing pressures on ...to members of society to ...e paying taxes. These pres... have become increasingly ...rtant recently as personal ...ion levels have risen. ...Economist Intelligence Unit ... has revealed that in 20 ...r industrial countries ex...ded over the period 1960-72, ... grew considerably faster ... earnings. Denmark was the ...t offender. A 1 per cent ...ease in Danish GDP was ...mpanied by a 1.98 per cent ... in taxation. Britain did not ...uch better. *The Economist* ...ntly reported that the £6,500 ...ar after-tax Briton of April, ... would now require a be...-tax income of £20,000 to ...ntain his income intact. The ...age managing director, ...ning £10,000 p.a., has seen ...real income fall by over 20 ... cent. over the last three ...s.

...xamples such as these, when ...bined with the increasing ...l of personal taxation ...und the world, have clearly ... to a decline in "tax ...rality" and partly explain ...y more than 20,000 Ameri...s are believed to hold secret ...iss bank accounts. Tax avoidance laws have been tightened considerably over the past few years.

The Americans have been particularly active. To track down tax evaders the U.S. Internal Revenue Service (IRS) does spot checks from time to time on mail coming from Switzerland using high speed photocopiers, and depends heavily on information from bribed bank employees in places like the Bahamas and the Caymans. According to Marshal Langer, a Florida attorney and international tax expert, the IRS tends to concentrate on those banks such as the Castle Bank and Trust Co. of Nassau which deal with "nationally prominent" Americans.

Easier

Even in Switzerland, which takes the concept of bank secrecy more seriously than most, last week's ratification of the U.S.-Swiss Judicial Assistance Treaty will make it far easier for U.S. tax officials to ferret out information about U.S. citizens' Swiss bank accounts. However, unlike the Caribbean, article 271 of the Swiss Penal Code does still forbid foreign tax officials from interviewing or bribing Swiss bankers within Switzerland, and any bank official caught giving information on bank transactions faces a stiff jail sentence under article 47 of the Swiss Banking Code.

The foregoing illustrates how the authorities have managed to make it much more difficult for a private individual to use an offshore centre illegally. A similar amount of time and effort has been put into curbing their legal use also. Increasingly powerful anti-avoidance legislation and more restrictive domestic tax laws (like the 1974/5 U.K. Finance Acts) have been implemented. But the demand for offshore facilities by private individuals remains.

There are three major reasons why a person might want to use a tax haven. First, it offers opportunities to defer or avoid income and capital gains tax and estate or gift taxes. Secondly, such centres can insulate a person's wealth from onerous foreign exchange restrictions thereby giving individuals considerably more flexibility when managing their investments.

Thirdly, there are political considerations. Wealthy residents of potentially unstable developing countries often like to maintain an offshore bank account just in case one day they have to leave in a hurry. Panama and Nassau are favourites for the Latin Americans, while many of the more wealthy East African Asians had built up funds in sterling tax havens such as the Channel Isles, which they were glad of, when they were forced to leave East Africa a few years ago.

For most people, however, the problem of using offshore centres is one of gaining access. The most obvious solution is to emigrate. Famous film stars and sportsmen, such as Tony Jacklin and Sean Connery, spring readily to mind in this context. By giving up U.K. domicile the aim is to escape, as far as possible, income and capital gains tax as well as gift tax. For most people such a course of action is unrealistic. Moving to a sun-drenched isle, while theoretically attractive, has its drawbacks. Family ties are disrupted and the number of offshore centres which are inhabitable are few and tend to be choosy about who they let in. Jersey, for example, limits itself to about 15 wealthy emigrés a year.

In addition to this the tax authorities continue to chase the reluctant tax payer—even after he has left. Former U.S. citizens are still liable to tax 10 years after they have departed and under the 1975 Finance Act the U.K. Government has introduced the concept of deeming one to be domiciled in the U.K. for Capital Transfer Tax purposes, even after one has left. Consequently by the time all these factors have been taken into account, plus the sheer cost of living abroad and plane trips to visit one's relations, the economics of emigration make little sense for the vast majority of people.

In fact, most persons who use offshore centres rarely ever visit them. One of the commonest ways an individual has used an offshore centre in the past has been to set up an offshore trust.

The idea is simple. A wealthy person creates a trust in a nil-tax or low-tax area and transfers all his assets there, whereupon they are looked after by a trustee (usually a bank or trust company). Such vehicles are normally referred to as "discretionary trusts." The trustees take complete control of the trust, which accumulates income free of income-tax and capital gains tax, although the trust might have to pay witholding tax in the centre where the real income arises.

However, the potential of the trust concept has been severely curtailed for U.K. citizens by the introduction of Capital Gains tax (CGT). Under the new laws a person who has a U.K. domicile and is resident in the U.K. will be subject to CGT on gains realised anywhere in the world as soon as they arise. But U.K. residents who have foreign domicile are charged CGT on a remittance basis only.

For individuals with high but volatile earnings, the concept of the "shield" company is becoming increasingly popular. The person involved, perhaps a film star or golfer, sells his services to an offshore company which in turn will sell his services to the ultimate exploiter. The offshore company will pay the person a fixed salary annually, thereby levelling off his fluctuating income. The appearance fees, or whatever, are paid direct to the offshore company when they arise and the surplus is held in the company and invested. However, it is sometimes difficult to convince the tax authorities that such schemes are not just avoidance gimmicks.

Staging

Offshore centres often come in useful for people who are emigrating to new countries. Although both the country the would-be emigrant is moving to, and the one he has left, might impose similar tax rates, an offshore centre can be useful as a staging post. Countries such as Mexico, South Africa and New Zealand extend certain privileges to new residents in regard to foreign source income. As a result it is often sensible to set up an offshore trust before taking up residence. South Africa, for example, exempts new residents from income-tax and estate duty on assets outside South Africa which were acquired before moving to the Republic. Similar reliefs exist in Cyprus.

Another type of person who has traditionally made big use of offshore centres is the expatriate employee or the executive sent to work for a short term overseas — for instance, in the Middle East. Until recently everything in the garden was rosy for these people. Overseas earnings were not taxable until remitted to Britain. As a result many built up nest-eggs offshore but the recent tightening of the rules on the remittance of earnings has curbed this formerly attractive loophole. In addition, a growing number of overseas countries, such as Algeria and Libya, have now decided to tax foreign executives on their world wide income, whether remitted or not, and threaten to throw into jail foreign executives who receive undeclared overseas income.

One solution to the problem is to develop a "split sequential employment contract." Under this an employee might be given a 9-10-month service agreement covering the time he is working in the overseas country, then receive a separate contract of employment covering his two or three months' paid leave. This much more lucrative contract would be paid directly into Switzerland, for example.

Alternatively, an overseas executive could be put on the payroll of a Swiss company which will then charge the individual's services out to the company in the country where the person is working. Only living expenses need to be paid to the employee while he is overseas since he will receive maximum fringe benefits in the form of free housing, medical facilities, etc. The balance will be left in a Swiss bank account.

Continued use of offshore centres is being made more and more difficult for private individuals, many of whom cannot afford the expensive services of the battalions of tax experts which the multinational companies have at their elbow. Developed countries are prepared to use every means possible to prevent tax evasion and avoidance — U.S. Internal Revenue agents even resort to questioning the company chauffeur and the company pilot. And the trend in the more socialist developing countries, such as Algeria and Libya, which are clearly intent on increasing their tax bite on foreigners, is disturbing.

One can only take heed of the famous judicial comment from Lord Clyde that: "No man in this country is under the smallest obligation, moral or other, so to arrange his legal relations to his business or property as to enable the Inland Revenue to put the largest possible shovel into his stores." His advice is as timely now as it was when he gave it 50 years ago.

W.H.

Managed funds continue to flourish

...ESPITE the relatively poor ...rformance of stock markets ...round the world so far this ...ar offshore funds continue to ...ourish. At least one U.K. fund ...anagement group has formed ... new offshore fund—Tyndall ...unched its Tyndall Gilt fund ... February—and others are ...nown to be waiting in the ...ings; the portfolio manage...ent group Anthony Wieler, ...r example, has plans, already ...ell formulated, for the forma...on of an offshore fund.

...The trend among the new...mers is towards greater ...ecialisation, and it is prob...ly true to say that life has ...come no less difficult for the ...nventional offshore fund over ...e past year. But the offshore ...vement remains an important element of the investment scene.

Most of the major investment centres around the world have marked time since the beginning of this year; that certainly goes for New York, and London has actually begun to register new 1976 lows in recent weeks. The World Index published by Capital International of Switzerland was not quite 5 per cent. ahead of a year-on-year period at the end of June, and was practically a fifth below its 1973 all time peak. The World Index is an arithmetic weighted average of the performance of some 1,100 listed securities, and its performance in the second quarter of 1976 was absolutely static.

Against this background large sections of the offshore fund movement are going through a difficult period. The control of offshore funds sales by governments appears not to have tightened too noticeably over the past year, and the Middle East is still the happy hunting ground for salesmen that it was at the beginning of the decade.

But offshore funds lean heavily on performance—capital growth—for their major sales pitch and even the most diligent of fund managers has been hard put to come up with this commodity lately. Thus the higher cost of offshore investment—and generally speaking offshore charges might be as much as 50 per cent. above the level of conventional onshore mutual fund or unit trust charges—has been working against the industry.

At this point it is probably worth making a thumbnail sketch of an offshore fund. Originally "offshore" was a term applied exclusively to mutual funds established outside North America. But in more recent years it has come to be understood as unit trust type investment established in a tax haven primarily for investment by residents or citizens of countries with high levels of tax. Offshore funds also offer the investor considerable advantages should he be subject to stringent exchange control regulations.

Incentive

Where an offshore fund is based in one of the more classical or exotic tax havens—like the Bahamas, Bermuda or the Cayman Islands—there may not be any capital gains tax to pay so there is an incentive for portfolios to be actively managed. Of course residents of, say, the U.K. and the U.S. eventually have to fork out capital gains tax when an offshore investment is cashed in but in the intervening period the liabilty is postponed and gross returns help swell the income of the fund. Over a period of years the rolled up value of the fund can—and has—proved a formidable attraction for the investor.

There are other tax lures for the investor. For example, anyone emigrating from the U.K. would in theory be liable to capital gains tax on sales of assets prior to his departure—that is if the wish is to avoid paying capital transfer tax on assets left behind. But by putting these assets into an offshore fund based in a non-transfer tax haven—which most funds are—the emigrant can avoid both CGT and CTT, as well as any possible death duties. At the same time offshore funds can provide clients with anonimity: registers of investment are not always available, and many offshore centres are not parties to international agreements on tax avoidance.

For the U.K. investor the question of the dollar premium is also relevant. Funds operated from the U.K. have to surrender 25 per cent. of the premium on sales of investments purchased through the dollar premium pool, a penalty that in 1974 was extended to the hitherto unhindered former sterling areas of Australia and South Africa. Yet it should be said that in practice U.K. investors in recent times have tended to buy U.K.-domiciled international funds rather than offshore funds for the dollar premium debate is by no means one-sided. Onshore funds can circumnavigate the premium by back to back loans; and the premium itself can provide a useful bonus to investment performance, if judged correctly over a period when it is rising.

Categories

The offshore investor tends to fall into four broad categories. The obvious starting point is the high-taxpayer wishing to avoid some of his liability. Secondly there are former residents of the U.S. and European countries who have retired to less tax-dominated parts of the world. The third category comprises the newest entrant to the offshore world — the employee of the international corporation with a high tax-exempt salary and a tendency to be propelled quickly from one part of the world to another.

Lastly offshore funds are often an ideal solution for the institutional fund managers wishing to buy specialist skills. The institutions and trustees have not missed this point in recent years, notably in the insurance world.

As for the promoters of offshore funds, the biggest single category consists of professional money managers wishing to add to the range of financial services available to their customers and clients and at the same time make the widest possible use of existing investment expertise. For example, some unit trust groups have been associated with the offshore movement for years: the Ebor group first set up in the Channel Islands more than a decade ago, while Tyndall, Save and Prosper, and M and G were not very far behind with their offshore launchings.

The generally higher cost of offshore investment has already been mentioned, and this is plainly one very big attraction to the management groups. Apart from high initial charges, offshore funds often impose some form of performance fee. The latter are often the subject of acrimonious debate, though in some cases such charges can be justified. The commissions required to promote sales through foreign agents can be high and so too can the expenses involved in running an offshore fund at a long distance.

Jeffrey Brown

CONTRACTS AND TENDERS

LABOUR NEWS

Hospital doctors reject Ennals peace proposals

BY DONALD MACLEAN

HOSPITAL DOCTORS have rejected a peace move made by the Government in the dispute about overtime pay for those below consultant grade.

The conciliatory move by Mr. David Ennals, Secretary for Social Services, followed a meeting last month between the doctors and Mr. James Callaghan, the Prime Minister.

The doctors have threatened to step up their industrial action which is affecting ten of the 14 National Health Service regions in England.

Dr. David Wardle, chairman of the hospital junior staffs committee of the British Medical Association, wrote to Mr. Ennals yesterday expressing their rejection.

The so-called junior doctors are taking various kinds of action, and in the main working only a basic week of 40-hours, operated flexibly, so as to maintain cover of emergency cases. In some hospitals emergency cases only are being covered. Some doctors are not doing the work of colleagues absent on annual or study leave except at locum rates of pay.

The juniors feel that the Government is breaking an agreement reached early this year on overtime pay during periods of leave. This agreement led to the suspension of action by the doctors over the broad question of overtime pay.

The letter delivered to Mr. Ennals followed a meeting of the hospital junior staffs committee executive in Birmingham on Saturday. It was recommended by the executive that existing regional industrial action should continue, and that a meeting of the full hospital junior staffs committee should be held to-morrow week "to consider the escalation of industrial action."

Some junior doctors have felt there should be a walk-out of hospital doctors after a period of notice.

Proposals put forward by Mr. Ennals, according to Dr. Wardle, would lead to an "administrative *nightmare*."

"When a doctor changed jobs his salary would be worked out on a different formula from his previous job. He would then receive a supplement to make up the difference from his previous salary. The next pay rise to which he was entitled would be used to pay for this supplement so that in the end he would take a pay cut. It seems grossly unfair that such doctors should lose the £4 due to them under the pay policy."

NALGO to attack Government cuts

BY CHRISTIAN TYLER, LABOUR STAFF

LEFT-WING trade unionists, hoping for a showdown with the Government over its economic policy at the annual Trades Union Congress in three weeks' time, have persuaded the moderate National and Local Government Officers' Association to speak out on public expenditure cuts.

After much argument on NALGO's national executive an amendment to the TUC agenda has been approved, which though less hostile than Left-wingers wanted brings the union into the front rank of Labour's policy critics.

The amendment, to a one-line resolution from the Fire Brigades Union, says that Congress "notes with alarm the admission by the Department of Employment" that the July 22 public expenditure cuts of £1bn. will lead to loss of 110,000 jobs.

It calls for economic expansion sufficient to realise the TUC target of bringing unemployment down to 600,000 by 1978, and *says present policies "can only* lead to further sterling crises, further panic measures, and therefore higher unemployment."

NALGO's only resolutions on the preliminary Congress agenda deal with the need for consultation on public sector budgeting and the rise of vandalism by young children.

Another big public sector union, the National Union of Public Employees, has reacted to the July 22 measures by preparing an amendment which points out that the TUC General Council report to the June special Congress on pay policy spoke of vigorous opposition to further cuts.

Both NUPE and NALGO have mounted public campaigns against spending cuts, and have warned that they are ready to back strike action against individual local authorities.

But according to reports coming out of the TUC General Council, their leaders have not attempted to upset the TUC line, which is to protest at the cuts but not risk an open break with the Government that could lead to a Conservative victory at the next General Election.

Union reactions to recent Gov*ernment measures will appear* in the final Congress agenda due out next week.

Job cuts will cause £1m. 'dole' mix-up

By David Churchill, Labour Staff

THE Department of Employment has admitted to Civil Service unions that manpower cuts imposed by the Government will lead to about £1m. a year being wrongly paid out in unemployment benefit.

To achieve 1,300 staff savings in the department it is planned to pay unemployment benefits fortnightly instead of weekly. After trials, the department calcultaed that £1m. will be overpaid to claimants who find work during the fortnight between visits to labour-exchanges. Only half of this amount is likely to be recovered, the department believes.

The department also estimate that savings in staff and stationery will result in reduced costs of about £3m. a year.

Other changes include quarterly signing-on for claimants over 50 years of age who have been unemployed for two years. The Department also wants legislation to stop students claiming unemployment and social security benefits during the short university and college vacations.

If all these changes are introduced about 7 per cent. fewer staff would be needed to administer benefit.

More savings

The manpower cuts are also likely to mean delays in parts of the Employment Protection Act due in the next year. In particular, this will hamper the rights of wages inspectors to demand details of wages in certain industries.

Further savings of about 1,000 staff are planned in other agencies. For example, about 680 jobs in the Employment Services Agency will be saved by stopping expansion of the occupational guidance service.

Three strikes disrupt output at Leyland

BY PETER CARTWRIGHT, MIDLANDS CORRESPONDENT

STRIKES IN Coventry, Oxford and Liverpool continue to disrupt the drive by Leyland Cars to achieve an overall output of 22,000 cars weekly by the end of the month to meet productivity targets.

Five-hundred operatives in the Triumph trim shop at Coventry again walked out yesterday over an increase in track speeds made to meet buoyant demand. This did not have an effect on final assembly but 1,400 Dolomite assemblers had to be laid off because of a shortage of bodies from Liverpool, where 25 body shop workers went on strike over the disciplining of one man.

At Oxford, 300 Princesses and Maxis were lost on the night shift by a second protest over the fact that a previous shift had been stopped 15 minutes early because of an internal dispute. The men were not paid for this period and are demanding a full shift's money.

Production at Jaguar in Coventry was normal again after the ending of an inter-union strike.

IN BRIEF

Certification

The controversial certification of trade unions is now entering its most testing stage. The latest report of the Certification Officer, published yesterday, shows that 49 of the 55 unions still awaiting *a certificate of independence* are non-TUC associations, many of which, the TUC says, should not be approved.

As already reported, one target of the TUC's attack, the Shipbuilding and Allied Industries Management Association, has been granted a certificate and one more body, the Squibb U.K. Staff Association has been refused, to make a total of six so far.

Pay increase

More than 600 stable lads at Newmarket are to get a pay increase of £2.50 a week as a result of an agreement reached at the recently formed National Joint Council for Stable Staff.

No news

Commercial radio stations throughout Britain were without their usual national news bulletins yesterday because journalists at London Broadcasting which supplies the news service stopped work to attend a compulsory union meeting. The journalists are in dispute over pay and conditions.

Permit appeal

Four Asian newspaper workers face deportion after being sacked for taking part in a strike at the Daily Jang, Britain's first Urdu daily paper. The Society of Graphical and Allied Trades has approached the Home Office to lift the deportation threat, which occurs because a work permit automatically expires when the holder is dismissed from his job.

Ringway cargo go-ahead

MR. PETER SHORE, Secretary of State, Environment, has granted planning permission to Manchester Airport Authority for construction of an air cargo terminal on land at Manor Farm, Ringway.

Art galleries worry over 'Palmer fakes'

BY JAMES McDONALD

Leading London art galleries and auctioneers were embarrassed yesterday by disclosures in The Times that for some years they may have been *accepting* and selling imitations—as originals—of drawings by Samuel Palmer, the 19th-century watercolourist.

The Leger Galleries bought four drawings thought to be by Palmer, paying, it is understood £9,400 for one in 1970.

Another over which there is now some doubt was sold at Sotheby's for £15,000.

A spokesman for Leger Galleries said: "We are considering The Times article. At the moment we are prepared to remain convinced that the Palmers are genuine, but we are reviewing the situation. We are keeping an eye on what comes to light."

A spokesman for Sotheby's said: "We cannot comment at present. Our expert, Mr. Festing will be in the office to-day and may make a statement."

Banking figures

(as table 9 in Bank of England Quarterly Bulletin)
ELIGIBLE LIABILITIES, RESERVE ASSETS, RESERVE RATIOS AND SPECIAL DEPOSITS

1—Banks	†July 21, 1976 £m.	Change on month £m.
Eligible liabilities		
U.K. banks		
London clearing banks	20,114	+1,0[illegible]
Scottish clearing banks	2,113	+ [illegible]
Northern Ireland banks	—	—
Accepting houses	1,371	− [illegible]
Other	3,425	− [illegible]
Overseas banks		
American banks	2,996	+ [illegible]
Japanese banks	317	+ [illegible]
Other overseas banks	1,784	+ [illegible]
Consortium banks	135	+ [illegible]
Total eligible liabilities*	34,988	+ [illegible]
Reserve assets		
U.K. banks		
London clearing banks	2,749	+ [illegible]
Scottish clearing banks	281	+ [illegible]
Northern Ireland banks	—	—
Accepting houses	262	− [illegible]
Other	767	− [illegible]
Overseas banks		
American banks	438	− [illegible]
Japanese banks	43	+ [illegible]
Other overseas banks	302	+ [illegible]
Consortium banks	30	− [illegible]
Total reserve assets	4,966	− [illegible]
Ratios %		
U.K. banks		
London clearing banks	13.7	− [illegible]
Scottish clearing banks	13.3	− [illegible]
Northern Ireland banks	—	—
Accepting houses	16.6	− [illegible]
Other	14.1	− [illegible]
Overseas banks		
American banks	14.6	− 1.[illegible]
Japanese banks	13.7	+ 0.[illegible]
Other overseas banks	16.9	− 0.[illegible]
Consortium banks	22.3	− [illegible]
Combined ratio	14.2	− [illegible]
	£m.	£m.
Constitution of total reserve assets		
Balances with Bank of England	305	− [illegible]
Money at call:		
Discount market	1,796	+ [illegible]
Other	188	+ [illegible]
Tax reserve certificates	—	—
U.K., Northern Ireland Treasury *Bills*	1,446	− [illegible]
Other bills:		
Local authority	144	+ [illegible]
Commercial	611	+ [illegible]
British Government stocks with one year or less to final maturity	476	− [illegible]
Other	—	—
Total reserve assets	4,966	− [illegible]
	£m.	£m.
N.B.—Government stock holdings with more than one year but less than 18 months to final maturity amounted to	203	+ [illegible]
2—Finance houses		
Eligible liabilities	283	+ [illegible]
Reserve assets	30.2	− [illegible]
Ratio (%)	10.7	− [illegible]

Special deposits at July 21 were £1,000m. (up £9m.) banks and £8m. (unchanged) for finance houses. *Interest-bearing eligible liabilities were £23,770m. (up £656m.). †Figures Northern Ireland banks were not available because of industrial action by bank employees. Total figures for all banks for J[illegible] include those for Northern Ireland banks for May 1976.

London Clearing Banks' balances

at July 21, 1976

THE TABLES below provide the first monthly indication of the trends of bank lending and deposits, ahead of the more comprehensive banking and money supply figures published later by the Bank of England. Tables 1, 2 and 3 are prepared by the London clearing banks. Tables 1 and 2 cover the business of their offices and their subsidiaries (excluding Scottish and Northern Ireland banks) in England and Wales, the Channel Islands and the Isle of Man which are listed by the Bank of England as falling within the banking sector. Table 3 covers the parent banks only. In this, it is comparable with the figures produced by the Bank of England, which show the reserve positions of all banking sectors subject to credit control. Minor differences here arise from exclusion from the clearing bank figures of Coutts, a subsidiary of National Westminster but a clearing bank in its own right.

TABLE 1.
AGGREGATE BALANCES

	Total outstanding £m.	Total outstanding £m.	Change on month £m.	Change on month £m.
LIABILITIES				
Sterling deposits:				
U.K. banking system	2,856		− 161	
Other U.K. residents	23,407		+ 651	
Overseas residents	1,689		+ 53	
Certificates of deposit	1,867		+ 161	
		29,819		+ 704
of which: Sight		11,166		+ 414
Time (inc. CD's)		18,653		+ 290
Foreign currency deposits:				
U.K. banking system	2,878		− 89	
Other U.K. residents	625		+ 37	
Overseas residents	8,488		+ 161	
Certificates of deposit	1,059		—	
		13,050		+ 109
Total deposits		42,869		+ 813
Other liabilities		6,993		+ 439
TOTAL LIABILITIES		49,862		+1,252
ASSETS				
Sterling				
Cash and balances with Bank of England		1,077		− 4
Market loans:				
Discount market	1,304		+ 230	
U.K. banks	4,247		− 255	
Certificates of deposit	887		+ 10	
Local authorities	1,241		− 60	
Other	302		+ 31	
		7,981		− 44
Bills:				
Treasury bills	843		− 319	
Other bills	793		+ 38	
		1,636		[illegible]
Special deposits with Bank of England		673		+ [illegible]
Investments:				
British Government stocks	1,799		+ 36	
Other	992		− 12	
		2,791		+ [illegible]
Advances:				
U.K. private sector	15,252		+1,042	
U.K. public sector	161		+ 5	
Overseas residents	2,049		+ 28	
		17,562		+1,[illegible]
Other sterling assets		4,468		+ [illegible]
Foreign currencies				
Market loans:				
U.K. banks and discount market	2,838		+ 31	
Certificates of deposit	233		− 13	
Other	4,871		+ 151	
		7,942		+ [illegible]
Bills		24		+ [illegible]
Advances:				
U.K. private sector	1,665		− 20	
U.K. public sector	951		—	
Overseas residents	2,478		+ 6	
		5,094		− [illegible]
Other foreign currency assets		614		− [illegible]
TOTAL ASSETS		49,862		+1,[illegible]
Acceptances		274		+ [illegible]

TABLE 2. INDIVIDUAL GROUPS OF BANKS' BALANCES

	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	WILLIAMS & GLYN'S Change on month £m.
LIABILITIES												
Total deposits	42,869	+ 813	11,709	+389	8,089	+ 16	8,527	+279	13,016	+101	1,528	+ [illegible]
ASSETS												
Cash and balances with Bank of England	1,077	− 4	352	+ 33	171	− 24	247	+ 10	287	− 22	20	− [illegible]
Market loans:												
U.K. banks and discount market	8,389	+ 6	2,079	+ 32	2,026	− 80	1,473	+154	2,514	−128	297	+ [illegible]
Other	7,534	+ 119	1,870	+ 68	1,617	+ 81	1,319	+ 52	2,449	− 66	279	− [illegible]
Bills	1,660	− 279	496	+ 27	249	−178	353	−137	498	+ 13	64	− [illegible]
Special deposits with Bank of England	673	+ 5	212	+ 2	103	—	135	+ 2	204	+ 1	19	− [illegible]
British Government stocks	1,799	+ 36	463	+ 2	512	—	325	+ 1	488	+ 33	11	− [illegible]
Advances	22,656	+1,061	6,562	+316	3,534	+152	4,773	+275	6,880	+309	907	+ [illegible]

TABLE 3. CREDIT CONTROL INFORMATION
(Parent banks only)

	TOTAL Outstanding £m.	TOTAL Change on month £m.	BARCLAYS Outstanding £m.	BARCLAYS Change on month £m.	LLOYDS Outstanding £m.	LLOYDS Change on month £m.	MIDLAND Outstanding £m.	MIDLAND Change on month £m.	NATIONAL WESTMINSTER Outstanding £m.	NATIONAL WESTMINSTER Change on month £m.	WILLIAMS & GLYN'S Outstanding £m.	WILLIAMS & GLYN'S Change on month £m.
Eligible liabilities	19,989	+1,041	6,326	+218	3,035	+178	4,359	+219	5,627	+402	642	+ [illegible]
Reserve assets	2,730	+ 94	870	+ 45	406	− 20	576	+ 18	797	+ 53	81	− [illegible]
Reserve ratio (%)	13.7	− 0.2	13.7	+ 0.2	13.4	− 1.5	13.2	− 0.3	14.2	—	12.6	− [illegible]

The Management Page

EDITED BY JOHN ELLIOTT

Fluidrive Engineering started raising productivity on existing plant long before the NEDO industrial strategy was prepared. **Kenneth Gooding** outlines how it was done.

An alternative to big investment

ONE OF THE most significant points to emerge from the new industrial strategy being developed by the Government with both sides of industry is the need for manufacturing companies to improve the productivity of existing plant and equipment.

The working parties preparing the strategy plans at the National Economic Development Office have pointed especially to the possibilities of improving the use of equipment by introducing longer production runs, better scheduling, and more shift working. They also said that labour utilisation could be improved by paying more attention to the continuity of work flow, reduced manning levels, and improved job flexibility—changes that could only be achieved in individual plants and companies.

One company, however, started such reforms long before the NEDO planners issued their pronouncements. Called Fluidrive Engineering, it has been pushing through all the elements proposed.

Fluidrive makes fluid couplings—that is power transmission units which are interposed between an engine or motor and the machinery it drives as a smooth and automatic way of taking up or varying the speed of the drive. Essentially, a fluid coupling consists of a case containing two hollow half-spheres fitted with vanes. The power is transmitted by oil being thrown by the driving set of vanes on to the other set, causing the latter to rotate and drive the machinery.

Couplings

This technique was developed by Mr. Harold Sinclair, who set up Fluidrive in 1930. The world-wide market for fluid couplings is worth £40m. to £50m. and Fluidrive's turnover last year was £5m., on which it made taxable profits of £581,000. It has 620 employees and its major customers are conveyor manufacturers, pump makers and producers of big fans and blowers.

Three years ago, like so many other medium-sized engineering companies, Fluidrive seemed in danger of making a perilous financial plunge — something that had to be halted quickly. Its results in 1973 were its worst for 15 years. Board changes followed and included the arrival of a new managing director, Mr. Richard Miles.

Although, as managing director, he does not have direct responsibility for production, one of the first major changes Mr. Miles set in train was a reorganisation of Fluidrive's production processes, particularly at its main factory at Bracknell, Berkshire.

Mr. Richard Miles, the managing director of Fluidrive, who joined the company three years ago and initiated the changes.

Mr. Miles and his team decided that, in crude terms, Fluidrive was participating in three distinct businesses. At Bracknell it was manufacturing a large number of small products such as power transmission units and large products such as variable speed units—but there was a great difference in their production techniques. The company's Isleworth factory in Middlesex, making the medium-sized units, constituted the third "business."

In order to get a faster throughput so as to cut the cost of work-in-progress, much of the Bracknell factory has been split into production cells similar to those used in group technology. A full GT exercise was not carried out because there was already an obvious affinity between many of the parts produced at the factory.

In any case, this change was made as much to improve management and production control as to reduce the time between receiving orders and making deliveries. "We put the better managers in charge of fewer people," is the way Mr. Miles describes it. The change has involved a considerable injection of new talent in that only two of the six cell managers came originally from within Fluidrive.

As the National Economic and Development Office said in its industrial strategy papers, improved labour productivity requires the co-operation of the trade unions and recognition of their legitimate concern with developments that affect the employment prospects and working lives of their members.

Fluidrive has exercised job flexibility since 1972 and last year Mr. Miles changed the company from a system where overtime was worked to one which offers productivity bonuses instead. "This was the best way to improve productivity in this company," declared Mr. Miles. "I am not saying it would work for other companies or in other circumstances. But it was the right way for us."

The abolition of overtime was achieved with a great deal of goodwill on all sides. There is still a switch to shift working going on, with all the personal upheavals that can involve. And some Fluidrive people are still earning less than they were under the old system. The management team discovered, however, that stopping Saturday morning working played an important part in getting the change accepted.

Mr. Miles explained that "We did a lot of talking to a lot of people both in and out of working hours." Through this face-to-face approach the team overcame the industrial relations difficulties Mr. Miles found when he took over—problems that should not crop up in a company the size of Fluidrive.

He set up a communications group and its first theme, was "survival in inflation," emphasising that working capital needed to be reduced. The group also discussed what was entailed in the employees' various jobs.

The communications group has graduated into a consultative group with a mixture of shop stewards (elected by all the shop stewards) and other employees. This year the group is considering the company's development, where investment should be made, and which areas might have been neglected in the past. The need for profits is constantly emphasised. Says Mr. Miles: "I find no antagonism to profits, only to profiteering. There is a considerable understanding among employees here of what it is all about."

Machine tools

Last year's £300,000 investment programme has been expanded to £420,000 for the current financial period. The money will be spent mainly on new machine tools in order to help productivity. The company has been able to generate the cash for investment because it has escaped the worst pressures of the recession.

The hefty export content of the order book (40 per cent. in direct exports) was boosted just at the right time by a deal in which Fluidrive makes standard aluminium fluid couplings specially for its representatives in the U.S.

To return to the NEDO industrial strategy philosophy, many of its working parties emphasised the importance of the relationship between competitiveness and the level of technological development in an industry.

Several expressed concern that their particular industry's response to the need for innovation had not been sufficiently rapid, or on a sufficiently large scale, to maintain a competitive position in world markets. Although there were areas where a U.K. product or system innovation led the field, there was a lack of follow-up.

Licences

In Fluidrive's case the technological lead it had set was important enough for companies like American Standard in the U.S. and Voith in Germany to take up licences to produce fluid couplings to Fluidrive specifications. Those licences ran out in the 1960s.

Meanwhile, Voith, a family company linked with a family bank — as is the case with so much of German engineering — began to innovate in a way that for some reason the U.K. concern did not emulate. Voith backed a winner with a combined gear and fluid coupling with which — at Mr. Miles's insistence — Fluidrive has only just begun to catch up.

Mr. Miles says that its ultimate aim is to cut back Voith's 30 per cent. penetration of the total fluid couplings market in the U.K. to a more reasonable 10 per cent.

To hammer home the point, Fluidrive last year appointed a German agent so that it can attack the world's biggest market for fluid couplings, even though it means clashing head-on with Voith on its own ground.

This all fits in with NEDO thinking that the factor likely to limit the level of activity in manufacturing industry will be the extent to which, through improved competitiveness, import penetration in the U.K. market can be limited and the share of export markets increased. That is something else that Fluidrive did not need to be told.

The reformers strike again

By ELSBETH GANGUIN

THE reformers are at it again. Shortages of skilled labour during economic booms was one of the main reasons for the 1964 Industrial Training Act. The same charge cropped up again when the 1973 Employment and Training Act was introduced. Now we are told once more that shortages of workers with transferable skills—that is, skills relevant to the needs of more than one employer—have acted as a major constraint on economic expansion throughout the post-war period.

The problem is that some employers tend to cut back on recruiting apprentices in times of recession while others try to avoid the trouble and expense of training by buying in the skilled craftsmen they need. The latest solution to be produced by the reformers is what they call collective funding—in which initial training in vital occupations would be collectively financed by both Government and employers.

As Mr. Richard O'Brien, the new chairman of the Manpower Services Commission, puts it: "Collective funding of first year training offers us a cure for these skill shortages by ensuring, through agreement, a high and stable intake of recruits into certain occupations which will be vital to the country's economic growth."

Vital skills

"Training for vital skills," the consultative document which contains these plans, has had a lukewarm reception since it was issued by the Department of Employment and the Manpower Service Commission in June. It proposes that industry and the Government should both contribute to a collective fund, which would then pay for all or part of initial training in transferable skills. The Government and industry would decide which skills are of sufficient importance to the economy to qualify. Recruitment targets would be fixed annually and employers would be paid from the fund under a contract covering the training of agreed numbers. It is suggested that either the Government and employers would share the funding of this, perhaps on an equal basis, or that industry's contribution would be levied through the industrial training boards.

The document, which is long and involved, sets out a number of variations on this theme which means that realistic cost estimates cannot be made until a final version emerges. But it is suggested that the cost of the fund to employers should not exceed, and could generally be lower than, 0.25 per cent. of their payroll. If responsibility for paying training board operating costs were to come back to employers, up to 0.15 per cent. of payroll might have to be added.

In this context it should be remembered that while the 1964 Act stipulated that the boards had to raise money to finance both training and their own operations, the 1973 Act provided for the Treasury to cover the cost of board operations and of key grants. This may now be changed.

> A proposal for a fund financed by industry and Government to provide training in vital skills has met with criticism

"Representations have been made that public funding of these costs has lessened the accountability of boards' staffs to their industries, has reduced the discretion exercised by board chairmen and members, and that the imposition of certain government controls which follow from the use of public funds have led to some increase in the staff required by both training boards and the Training Services Agency, with no corresponding benefits to efficiency or training," says the document. "The consequence of continuing the present arrangements could be a deterioration in the effectiveness and standing of the boards in the medium- to long-term."

Reactions to all this are now building up. "Don't let's ask too much of training," said one prominent training man who agrees in principle that the stipulations of the 1973 Act on funding and exemptions are unlikely to be effective. "Training is only one of many facets of getting the right skills at the right time. Conditions must be conducive and pay and security and status have more influence on the continuity of supply than training."

He was also dubious about the "fine tuning of manpower planning" required by the document. "That is for the birds at present," he said. And he warned of the pitfalls of mixing industry requirements and national needs with the "social requirements of kids." But above all he wanted "all-party agreement" without political quarrels before any new legislation was drafted. The 1964 Act was based on such an all-party agreement while the 1973 Act was inspired by the Conservatives.

Others believe that it is wrong to mix training board operating costs, estimated to add up to £26m. this year, with the issue of transferable skills. "They are trying to turn back the wheel too soon. The general feeling is that this is not a real problem at present and should be left alone," is a typical view.

More important, perhaps, is the fear that this proposal, if accepted, would tend to perpetuate "classical" skills and to entrench the apprenticeship system at a time when the retraining of adult workers in new skills might seem more appropriate. There is also scepticism about the likelihood of realistic manpower forecasting in cyclical economic situations.

Then there is the question of what a vital occupational skill is when technological change might well cause the decline or the advancement of a particular skill. Funds would have to be balanced between different occupational skills and there might be a local demand for a particular skill which would not be reflected nationally.

"One cannot escape the impression that an attempt is being made to look for sources of finance for an expensive project of doubtful validity," declared one critic. Yet it is also known that the Engineering Industry Training Board is keen for the Government to give it statutory authority to raise an additional levy which would not be subject to exemption and which would be used to support training in transferable skills: but perhaps not in the way the present document is suggesting.

Young people

It will be interesting to see what the final verdict on these proposals for changing the industrial training pattern once again is to be. Even if it were possible to sort out the supply of "vital skills" it would still be a problem to find the right young people for training. There are far too many young people for whom long-term training opportunities are not appropriate. To bring them in from the cold (and from remaining the hard-core unemployed) may well require collective funding of its own.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Inventor's rights

Where it is necessary because of his contract for an inventor to assign to a company which employs him the patent rights of an invention, to what extent must the company recognise the rights of the inventor by granting royalty payments? What sort of professional advice is obtainable in such matters?

The terms of your contract of employment will govern the right to royalties on assignment of your patent. Statute does not prevent your making whatever bargain you may have struck with your employers, nor does it override them. You should consult a Patent Agent — addresses can be found in a Law List in your local library.

Bank's business day

In your paper on May 9 under the heading "Business day ruling costs bank £120,000" you carried a brief report of a High Court ruling on a bank's "business day". Could you comment as to whether this ruling has any legal effect on the City of London Clearing Bankers procedure with regard to the payment and receipt of standing orders?

We think that the decision of Kerr, J. is in accord with principle. Once a transaction mandated by standing order (or otherwise) is posted it cannot be reversed by revocation of the mandate. Revocation before posting ought to be sufficient to stop the transaction provided the revocation is communicated to the bank in time. There could however be room for the view that notice of revocation must be given a reasonable time before the transaction was due to occur —it would be a question of fact in each case what constitutes a reasonable time.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, AUGUST 11, 1976

Competition from Japan

IN HIS statement last month, the Chancellor gave another undertaking to keep an eye open to the possible need for imposing selective import restraints to provide temporary protection for viable industries faced with unfair foreign competition. "We are anxious," he said, "to discuss with both sides of industry the need for further action of this kind." It was this undertaking, perhaps, which persuaded three firms with interests in the consumer end of the electronics industry — Thorn, GEC, and Philips—to seek fresh discussions with the Government about allegedly unfair Japanese competition, especially in the TV and audio industries. In accordance with the Chancellor's suggestion and the tripartite fashion of the times, moreover, they took representatives of the trade unions concerned along with them.

There is no question about the success of the Japanese drive into the world television market, first in the U.S.—where a leading domestic manufacturer has launched an anti-trust suit against 20 Japanese producers—and then into Europe. They have succeeded in gaining a considerable part of the market, first for tubes and then for sets, and the main weight of their attack has been felt in the U.K. This is partly because there is a larger market here than on the Continent for smaller sets and partly because the Japanese producers, on the basis of U.K. relative labour costs, have found it sensible to set up assembly plants here for the European market.

Dumping claimed

But it is far from clear that this success has been entirely due to unfair trading practices. The main penetration by the Japanese of the colour tube market in this country, for example, was made possible by the fact that domestic capacity was inadequate in 1973 when demand for colour TV sets rose sharply, and the recent closure of the Thorn colour tube plant seems to have had other causes besides Japanese competition. As for the import of Japanese TV sets, the Government assured MPs only a week ago that the immediate prospect was not alarming. Not only were imports of Japanese colour TV sets in the first half of the year down from 71,000 to 52,000 but the Japanese had given an assurance that they did not expect any sudden increase in their exports to this country during the second half of 1976.

The fact remains that imports of monochrome sets have risen sharply and the industry suspects the Japanese of dumping. Allegations of dumping of colour TV tubes were investigated by the Department of Trade after the Thorn plant closed without their being able to find substantial evidence to support the allegations; but their findings have not been published in detail and the fact is that the price of Japanese tubes has since risen. The argument of the manufacturers is that the Japanese are deliberately seeking to bring about the same result in the case of finished sets—to price the domestic industry out of business before raising their own prices—and that this will mean a major reduction in the demand for electronic components from U.K. manufacturers.

EEC context

The future of the electronic components industry is indeed a matter of national importance, though the issue is not clarified by lumping TV tubes in with other components or blurring the distinction between consumer components and those for use in capital equipment. But, if tubes are left aside, the weakness of the U.K. components industry is not primarily due to Japanese competition, and the main source of overseas supplies is not the Far East but the U.S. The recent Little Neddy report on the electronic components industry expressed some doubts about Japanese pricing policies and recommended that continuous surveillance should be maintained: but the two main objectives which it set out were to improve the international competitiveness of the sector and to promote "an increasingly strong and integrated European components industry." Temporary protection, even if Japanese pricing policies turned out to justify it, would look better in an EEC rather than a purely U.K. context and would, in any case, be only a minor and negative part of the steps needed to keep the components industry viable.

Tightening nuclear safeguards

THE government of Pakistan wants the atomic bomb—or at least the option of being able to produce it. That is the most likely explanation of its desire to buy a nuclear reprocessing plant. Such a plant could produce the plutonium which is required for atomic weapons. Pakistan has no other need for it. The country's nuclear energy programme is scarcely even off the ground: even if it were, it would probably be cheaper to have the reprocessing done abroad. As it is, Prime Minister Bhutto is seeking the reprocessing plant almost before Pakistan has the spent fuel to reprocess.

Suppliers

That is why the conclusion that Mr. Bhutto wants the bomb, or at least the nuclear option, is so hard to avoid. Given the history of Pakistan's relations with India, and the fact that India has already demonstrated that it has a nuclear weapon-making capability, his policy may be understandable, though to understand is not necessarily to condone and it has yet to be proved that possession of an unsophisticated and limited nuclear force produces either political or military dividends.

There is no reason to believe that either France, which is ready to provide the plant, or the U.S., which is opposed to the deal, wish to encourage Mr. Bhutto in his ambitions.

Dr. Kissinger, the U.S. Secretary of State, who was in Pakistan earlier this week, believes that the most effective way of preventing proliferation would be to forbid the export of nuclear processing plant altogether. At the nuclear suppliers' club, which was set up by the main nuclear powers, excluding China, last year, the U.S. proposed a system of regional reprocessing under international supervision — a proposal that it has now revived to cover the case of Pakistan. The idea was rejected, however, not only by France but also by Britain on the grounds that it would be impractical.

The French, in turn, have gone on to argue that the best that can be done in the real, rather than an ideal, world is to go on making safeguards more rigorous. Thus a condition of the proposed deal with Pakistan is that the Pakistanis should accept both the safeguards and inspection of the International Atomic Energy Agency (IAEA) and additional safeguards and inspection imposed by the French. Pakistan would also pledge that the plant would be used for peaceful purposes only. If it were to cheat, it would be seen to do so and appropriate measures might be able to be taken.

What is unfortunate is the manner in which the dispute has come into the open, and the timing. The discussions in the nuclear suppliers' club are not yet complete; there has been a fair measure of agreement, but in the coming months it might be possible to tighten the agreed safeguards procedures still further. Some major work is also being done on the subject within the IAEA which will not come to fruition until early next year.

Pride

The public nature of the dispute, however, has obscured the fact that on a highly sensitive issue France and the U.S. were broadly working in the same direction. Dr. Kissinger's open threats to cut off U.S. aid to Pakistan if the deal with France goes through have risked turning the sale into a matter of French national pride. The most desirable outcome would be for the negotiations to be suspended while the IAEA and the suppliers' club complete their work. Yet, after Dr. Kissinger's remarks, that seems unlikely and the most that can be hoped is that the French safeguards are as tight as they say.

From the Middle East, **Robert Graham** analyses Iran's arms purchases

Why the Shah wants his weaponry

THE Senate's Foreign Relations Committee report on U.S. arms sales published two weeks ago could not resist one anecdote in its otherwise serious prose. It referred to the well-travelled story that the Shah reads *Aviation Week* before the local papers. True or false, the anecdote nevertheless reflects the Shah's extraordinary interest in and knowledge of military hardware. In part this stems from a genuine fascination with its technology (and with aircraft, a love of flying). But more fundamentally, it stems from a continuing preoccupation with Iran's defence capabilities.

Ever since his first days on the throne as a young monarch more than 30 years ago, defence has consistently had top priority. A sidelight on this was evident earlier in the year when the Government was not paying contractors' bills except those connected with military matters. Even now, when Iran is experiencing cash flow problems, this priority still remains. For instance, the Shah has sanctioned the series of tripartite negotiations with oil companies and arms suppliers who are, in effect, selling crude against arms to ensure that the tempo of purchases matches what he sees as Iran's means. The costs of these deals are enormous; as much as $13bn. worth of oil sales over a ten-year period are being contemplated with two U.S. independants, Ashland and Nepco, against the supply of 300 F-16 aircraft. The deal being arranged between Shell and the British Aircraft Corporation to pay for Rapier missiles revealed yesterday is much smaller. Yet both illustrate the same point. The Shah still believes that Iran needs more equipment for protection.

To an outsider, this preoccupation with defence looks at times like an obsession and the extent of the purchases puzzling. That there is an element of prestige is hard to discount. It is also true that in a country with a large defence establishment like Iran, the military needs to be kept happy with good modern hardware. But these are only superficial reasons.

There are two fundamental causes of this preoccupation with defence. On a broad level, the Shah believes that only with a strong defence capability can the economic progress which he is seeking to achieve be secured. Secondly, Iran still suffers from a chronic sense of insecurity, which seems part real and part psychological as a result of past experience and its geographical position. Its defensive posture and strategy is based on the principle of "touts azimuths," or being able to respond to an attack from any direction. For Iran stands wedged on one side between the Middle East and the destabilising effect of the Arab-Israeli conflict and, on the other, India and Pakistan and their conflict.

Iran knows that in both regions there have been four wars since the end of World War Two. The immediate threats are not of massive conventional attack, it is more a question of having sufficient strength to prevent instability in the neighbouring countries filtering over Iran's borders. Alternatively, it seeks the capability to intervene outside its borders to insulate itself more effectively.

The threats as perceived by Iran which justifies its massive defence expenditure are as follows: the lengthy 1,250-mile Soviet border with Iran makes it potentially vulnerable to Soviet pressure and influence. Iran has not forgotten the Soviet occupation of Azarbaijan after World War II or the indirect Soviet attempt at subversion through the banned Tudeh Communist Party nor, for that matter, can she ignore the "expansionist" aims of the Soviet Union to acquire a warm water port. This has been a traditional Iranian fear.

The Russians have indirectly challenged Iran through Iraq by heavily arming the Baathist regime. Iran came close to all-out war in early 1975 over support for the Kurdish rebellion. In spite of the new treaty of friendship between the two countries, senior Iranian army officers in private admit to a continued distrust of Iraq, and in strategic thinking Iraq is probably the biggest long-term threat.

On the Afghan-Pakistani border, there is the continued threat of Pathan and Baluchi separatism. Iran takes this threat very seriously as it does the possibility of Kabul altering its delicate relationship with Moscow and becoming more pro-Soviet.

Iran is carrying out what could euphemistically be called "cross-border co-operation" with Pakistan to suppress Baluchi dissidents. The vital future naval base of Chah Bahar, which will enable Iran to police the Lower Gulf and Indian Ocean, lies in Baluchistan, and this also is a consideration.

India, too, with its atomic power and huge population has to be watched, and its association with the Soviet Union is still viewed with concern in Tehran.

Then there is the Gulf: This is the sole outlet for Iran's crude oil. If Iran is unable to sell this vital commodity, it loses its lifeblood. Unlike Saudi Arabia or Iraq, Iran has no alternative route for transporting its crude as yet. It was for this reason that Iran occupied the islands of Tumb and Abu Musa in 1970 at the time of the British withdrawal from the Gulf. These islands control the narrow straits of Hormuz, through which all tankers must pass.

Further, to safeguard this channel from the head of the Gulf down to Oman, it regards with extreme suspicion any attempts to introduce socialist or Marxist ideology. Thus it has been more than willing to help Sultan Qabous in Dhofar by despatching some 1,500 troops and providing naval and air logistical support against the rebel movement there, backed by Aden and the radical Arab States.

Given these factors it becomes more difficult to say that the Shah exaggerates the threat to his country's stability. And if he does, then this exaggeration is also shared by the U.S. and British Governments, who fully support his military build-up. Yet this does not answer the question, being raised more frequently now — particularly in the U.S. — whether the threat justifies spending so much money on defence.

Iran's defence budget this year was $8.1bn., or roughly 28 per cent. of the general budget. This figure excludes construction for military purposes (for example, naval/air bases, housing) and budgetary assistance to military industries. If these two elements are included, then the figure is nearer to $9.3bn. Over the next five years, there is little prospect of the defence bill being contained to this figure.

Defenders of Iran's spending point out that Saudi Arabia has made a defence allocation for this year of some $10bn. Saudi Arabia has a population of under 4m. against Iran's 35m. And the sums, which seem so enormous, include not just hardware, but services.

But given the extensive technical assistance and back-up required to train, maintain and operate the equipment sold, probably less than half the cost of U.S. arms sales to Iran covers the actual hardware. So the figure is inevitably much higher than say defence procurement in Europe, which has the added factor of conditions—as in the sale of the F-16 to Belgium, the Netherlands, Denmark and Norway, which will manufacture a substantial number of the aircraft locally.

In addition, defence costs have a habit of escalating more than costs in other sectors. Iran found to its chagrin that the cost of a Spruance-class destroyer had jumped 43 per cent. from the original order price. Again, the initial cost of the Chieftain tank to Iran was £295,000. It then rose to £350,000, and now for the improved version, of which Iran will order 1,500, the price could be in the range of £450,000.

This does not explain whether the quantities of equipment are justified. Iran feels its does not have to justify such procurement. The Iranian attitude seems to be: "We want the weapons, we can afford to pay for them. We have never defaulted on payment. And as one of the West's staunchest allies, you have no right to hold back on any equipment."

More specifically, does Iran need F-14 fighters, which are so sophisticated that even the U.S. Air Force is having difficulty using them? Does it need to have more sophisticated equipment than the U.S. Navy installed in the Spruance-class destroyer? Does it need more tanks than the U.K.? To these queries, there are some answers. On tanks, for instance, Iraq alone has more than Iran and looks like being in that position until after 1980. The F-14 is the sole aircraft, fitted with the Phoenix missile, that can challenge the Soviet MIG-25, which apparently continues to overfly Iran from the USSR. The Spruance-class destroyer, whose orders have been cut from six to four, is regarded as the best vessel for patrolling the Indian Ocean.

One strategist pointed out at a seminar on Iran's relationships with its Gulf neighbours and those on the Indian Ocean that there was an important distinction between a "modern" force and an "effective" force. For the moment, the credibility of Iran's defence forces in combat (and, for that matter, in peace-time use) rests a good deal on the technical and advisory assistance provided by the U.S. and, to a lesser extent, Britain, the principal suppliers.

The Senate Foreign Relations Committee report was very clear on this point. For the next ten years or so the effectiveness of Iran's forces depends on the presence of an increasingly large foreign back-up. The report estimated that by the 1980s there could be as many as 60,000 U.S. civilian and defence personnel in Iran, although the Iranians challenge this figure.

In combat it would be hard to avoid using some of these, if only as advisers. This became clear during Iran's confrontation with Iraq over the Kurds. This issue is going to be something of increasing concern to Iran's main supplier, the U.S., for no country outside Western Europe or Japan has so many defence-related personnel now. The Senate report gave a figure of 24,000. It also poses problems of policy if, for example, Iran confronts Saudi Arabia.

Could the U.S. be seen to be sending supplies to Iran and neglecting Saudi Arabia? The same applies to Britain over tank spares if Iran confronts an Arab country with which Britain sought to retain good relations.

Arguably, the presence of foreign personnel and foreign assistance provides some form of deterrent. It creates the situation where the U.S. is likely to use more pressure on Iran's neighbours to prevent confrontation arising. Indeed some say that the Shah has made an astute move by making massive arms purchases from the U.S. This commits the U.S. to a degree of support which in itself is an effective deterrent to adversaries.

Certainly the Shah has made both the U.S. and British arms industries grateful clients, and this, in the end, can overcome many objections.

BAC's Rapier missile: part of the proposed £300m. oil-for-arms deal with Iran.

MEN AND MATTERS

Ron Ellis to take up arms?

For those with an eye for symmetry in human affairs the departure of Ron Ellis from the top job at Leyland Truck and Bus will revive memories of a similar event seven years ago. The subject then was Sir Lester Suffield, still at that time plain Mr., and a survivor of the old BMC Board in the new British Leyland. When the job as Government arms salesman came up following a report prepared by Lord Stokes, the BL chairman, Suffield was appointed—reportedly on the recommendation of his chairman. Now Ellis, 51, one of the two Boardroom figures to survive from the Stokes era, is strongly tipped to take over from Suffield.

Ellis was a Stokes protégé, a man who came up through the Leyland apprenticeship scheme, took a degree on a company scholarship and worked his way through both the engineering and marketing departments. Like Stokes, he is an ebullient man, somewhat autocratic in management style, and an able public speaker who is rarely lost for a word. In other words he has not got many obvious characteristics in common with other members of to-day's top Leyland team of accountants; but he stayed after the reshuffle, and with a history of consistent profits, he was one of the few top managers with a solid record to rest on.

The arms job, with sales currently running at £700m. a year, is obviously something big enough to tempt Ellis away from Leyland, where his particular strength has been his effective personal dealings with truck customers. It would also take him away from the increasingly irascible relations which are developing between the Truck Group and International, which sells the vehicles overseas.

Ellis and many others at Leyland would like to retain control of overseas sales, and this questioning of the detailed management system laid down by the new management is believed to be a significant factor behind the awkward relations that have apparently developed between Ellis and Alex Park, BL's chief executive.

"There doesn't seem to be much doubt about this one!"

Disaster past

Willis Faber and Dumas, the big insurance broking group, is the latest in the fair-sized queue of companies going public. Some of the recent new issues have had a dismal reaction from potential investors and the stock market. Willis, naturally, is confident that its reception will be a good one and that all interested will happily take in their stride the fact that the group was broker to the owners of the Titanic.

Some unkind souls, I expect, will wonder about analogies between that ill-starred ship and the present state of the equity market. The important point, as Willis financial director Michael Julien points out, is that with the modern gas carriers now coming along, a single insurance pay-out could go as high as £75m. — the Titanic loss amounted to a mere £1m.

Fighting the smoke war

"It is exquisite," Oscar Wilde said of cigarette smoking, "and it leaves one unsatisfied. What more can one want?" To which the modern cigarette companies would answer unanimously: "A greater market share." But how well equipped are the three majors to conduct the growing price war?

Starting with total market share, Imperial is easily the biggest with around 70 per cent. This clearly gives it a strong position but it is vulnerable since its greatest strength is in smaller cigarettes—and EEC tax harmonisation will make king size cigarettes cheaper.

The Imperial answer has been the highly successful launch of John Player King Size. From the launch in April through to July, these were heavily discounted in price by an offer of 100 free for every 200 smoked. Currently they are subject to another special offer, and Imps claims they are the second brand in the market.

Gallaher has between 20 and 25 per cent. of the market, but dominates in the king size area with its Benson and Hedges which outsells all other king size brands put together. So far it has declined to alter recommended retail prices.

Carreras Rothmans has only 7 per cent. of the U.K. market and it has been responsible for the latest round in the price war. Although it is the weakest of the big three, it has the least to lose and the most to gain in a battle for market share.

CR is only the U.K. arm of Rothmans International, and profits from the sale of cigarettes in the U.K. account for less than 10 per cent. of total Rothmans profits. The group can therefore look with relative equanimity to a period of low profit in the U.K. market in exchange for market share.

But these are not the only factors contributing to the bewildering array of retail prices facing the smoker. Distributors both retail and wholesale, have their own promotions, and the tobacco companies are not above doing special one-off deals with major distributors, although they tend not to advertise these. While the war exists, profits on the brand concerned range from slim to non-existent in the all-important quest for market share. However, the anti-smoking lobby is up in arms claiming that all this advertising will increase total smoking and is urging the Chancellor to yet more swingeing duty increases. Should that happen, total demand would certainly fall—so that the price war could rebound right back against the industry.

Scholarly

A local newspaper ad for a classics teacher mentioned Latin to GCE "O" and "A" level standard, adding: "There is a little Greek in the sixth form."

Observer

Kenneth Gooding examines the response to State aid schemes by ferrous foundries and machine tools up to yesterday's announcement

Industry aid: a tale of two sectors

[T]HE TWO longest-running [indust]ry aid schemes have been [a]ppraised by the Department [of I]ndustry. There is no doubt [tha]t the success of one of [the]m, that for ferrous foundries. [But] there is a strong sense of [disa]ppointment about the re[spon]se from the machine tool [sect]or. It has not just been [that] the number of applications [has] been low and that they have [bee]n slow to arrive. But the [qual]ity of the projects put up [for] consideration has also left [muc]h to be desired. The De[part]ment would have liked, for [exa]mple, to see more machine [tool] companies asking for cash [to h]elp launch new products. [Inst]ead it has been invited to [cons]ider frankly pedestrian pro[ject]s involving no real change [of] direction for the applying [com]panies.

[Ye]sterday's announcement [abou]t changes to the machine [tool] scheme shows that the [Gov]ernment is determined to [mak]e it more attractive, particu[larly] for the smaller companies.

[It] is worth asking why the [two] schemes were given such a [diffe]rent reception, if only be[caus]e the schemes for individual [indu]strial sectors have been [amo]ng the most significant [mea]sures recently introduced [by t]he Government to encourage [incr]eased investment in U.K. [man]ufacturing industry.

[S]o far £205m. has been allo[cate]d by the Chancellor of the [Exc]hequer to support this kind [of a]id; four schemes were intro[duc]ed during the past year and [mor]e are on the way. With the [Cha]ncellor committed to putting [a br]ake on public spending, the [sign]s are that the Government [wou]ld prefer to channel the [ava]ilable funds into individual [indu]stry sectors rather than [spe]nd so much on regional aid schemes. In the regional schemes, of course, the cash does not necessarily go to the industries the Government would particularly like to help become more competitive.

The ferrous foundry industry was chosen because its record of low profitability and serious under-investment had left it badly-placed to take advantage of opportunities expected in an upswing in world trade. Yet, as Mr. Healey emphasised when announcing the aid scheme, the industry is vital to the U.K. economy "because it is a supplier to many other industries and important to the health of the engineering industry as a whole."

What he had in mind was that during the boom times two years ago, one of the major constraints on output by Britain's engineering companies was their inability to get enough castings from the foundries. Export orders were held up and imports of engineering products flooded in to be snatched up by manufacturers who could not face the long delay on the delivery of home-produced goods.

Impressive start

The Government had four main points in mind when allocating the first £25m. of support for the foundries: it wanted to encourage companies to invest in new productive equipment and buildings; improve working conditions and the general operating environment; develop the most efficient production and commercial practices and attract and retain skilled labour and other qualified manpower in the industry.

The scheme started impressively and the Department claims that it is well on the way to transforming the industry, a view which the industry seems to support. By the end of July 68 projects had been approved, involving assistance of £11m. towards a total investment of £50m. Another 125 applications asking for assistance of £23m. towards a total investment of £104m. were under consideration. The Government's commitment of £25m. has now been raised to £40m. as a result. Those 200 requests imply that one quarter of the eligible companies have actually applied.

The incentives offered under both the ferrous foundries and the machine tool industry aid schemes were similar.

But apparently they were not attractive enough to rouse the machine tool industry. It was selected for an industry aid scheme because it has suffered so greatly from the fluctuations in the demand cycle. This has had damaging effects on investment and its ability to retain skilled people. There has been a steady decline in capacity, coupled with a gradual erosion of the industry's favourable balance of trade. Against this background it was chosen for a scheme in view of its importance to the U.K. economy and the benefits manufacturing industry as a whole would gain from a technical lead in machine tools.

The scheme was aimed particularly at encouraging the launching of new products, the modernisation of plant and buildings and the general all-round improvement in the industry's efficiency and competitiveness.

Initially the machine tool scheme failed to make much headway, but the pace has begun to quicken. Up to the end of July only six projects had been approved involving assistance of about £2m. towards a total investment of more than £10m. Some 20 other applications for assistance of £2.4m. towards a total investment of around £15m. are under consideration.

One thing the industries have in common is that industrialists in both sectors are also openly suspicious about the motives of any Labour Government when offering help. Their first reaction is to steer completely clear of any involvement at all with a Government department. The idea that the industry aid schemes were one way of wedging the door ajar so that the Government could intervene later was widespread in both industries.

FACTS ABOUT THE INDUSTRIES

	Ferrous Foundries (825 foundries)	Machine Tool Makers (250 companies*)
Employees	101,800	66,000
Sales (1975)	£1.007bn.	£380m.
Assistance agreed (end-July)	£11m.	£2m.
Towards total investment	£50m.	£10m.

* Including component makers.

Differences

There are, of course, radical differences between the industries. The Department identified 800 ferrous foundry businesses and only 150 in the machine tool sector—one obvious reason why the number of foundry applications is so much higher.

Then the foundries were facing a radical change in anti-pollution legislation. This is not due to bite for another few years but in the meantime the foundries, with their often unpleasant and hazardous environment, have been affected more than most by the Health and Safety at Work Act. Two years ago the Council of Ironfoundry Associations estimated that the industry must find an extra £60m. to comply with existing health and safety legislation and future pollution control laws. This compared with the annual £20m. the industry had been spending.

The U.K. Government could not offer any direct assistance because it remains committed to the principle that "the polluter pays."

However, the industry aid scheme provides a neat way of offering assistance of this type. The Department of Industry insists that this did not play as big a part in the scheme's success as has been suggested. It originally estimated that between 25 per cent. and 30 per cent. of total expenditure by the foundries would go towards environmental improvements. Surprisingly, this turned out to be too high. Only between 10 per cent. and 15 per cent. is going in this direction.

This leaves a percentage much greater than expected to be applied in efficiency and other improvements, and explains to some extent why the Department is so satisfied with the way the scheme is going. It has also attracted applications from the small foundry companies and roused many general engineering concerns to make applications in respect of their in-house foundry operations, which in the past have undoubtedly played a "Cinderella" role.

Although the machine tool industry has been suffering for the past 20 years from the symptoms which have brought about its gradual contraction, it faces nothing so dramatic as the coming anti-polution legislation which will put some foundries in the position of having either to invest or close. The successful U.K. machine tool concerns have shut down capacity but often filled in the gaps in the ranges of equipment they have to offer with imported products.

This makes sense to an industry which has been damaged so often and so seriously by the trade cycle. It is common for the deviations from "normal" in U.K. demand for machine tools to be as much as 25 per cent. Falls in employment during recession have been up to 33 per cent. So it is understandable that the industry was looking to the Government not for the industry aid scheme it got but for a permanent counter-cyclical policy. This would have encouraged manufacturing industry to invest in the bad times and thus lift the bottom of the "trough."

It would certainly cheer the machine tool makers if the Government committed itself to introducing at a much earlier stage in the downward part of the next cycle another accelerated investment scheme like the one which has just ended and if it were designed to encourage industry to bring forward investment or take down those projects that had been shelved.

So, when looking for reasons for the differences in reaction to the two schemes, we find that the foundries were presented with one which came very close to what they had been seeking. This was not the case with the machine tool makers.

The other important factor is probably linked to this because it has everything to do with the industry's willingness to help itself.

Teach-ins

The foundry associations put their weight behind the aid scheme. They organised "teach-ins" all over the country and for all types of foundry businesses. Department officials invited along as observers often ended up answering questions. This was extremely valuable in helping to remove those strong doubts about the scheme and killed any idea that there was some kind of Machiavellian trick behind it all.

The Machine Tool Trades Association, perhaps because it has more ground to cover for its members, apparently did not take the message out into the country in the way that the Council of Ironfoundry Associations, the British Cast Iron Research Association and the British Ironfounders Association did.

An attempt is to be made to bridge this communications gap by Lord Brown, a former Minister of State at the Department of Industry, who is chairman of the Department's advisory board for the machine tool scheme. Beginning in the second week of September he plans to visit as many machine tool companies as possible—taking one geographical region at a time—to discuss the aid scheme with managements, to encourage them to think again about it and to clear up any misunderstandings if they exist.

As yesterday's changes illustrate, however, the Department has turned its back on the idea that it should offer money more cheaply.

The Department is sure that the more the companies themselves contribute, the more chance there is of the proposals they put up being worthwhile. The present rate of relief is judged to be about right—enough to stimulate new investment but leaving enough for the companies themselves to find.

Neither does it seem possible to lower the eligibility limits further. These have already been lowered so that application can be made for projects involving investment in plant and equipment worth £25,000 or over and any investment in buildings of £50,000. The feeling is that these do not represent particularly large amounts, even for small companies. Then there are the administrative problems which would arise if the Department tried to process a large number of very small projects.

There is still time for companies to come forward. Applications for both the machine tool and the foundry schemes will continue to be accepted up to the end of this year.

As Sir Peter Carey, Permanent Secretary at the Department of Industry, pointed out yesterday: "It costs nothing to discuss ideas with the Department. Anybody can go along to their local regional office and see if there is anything the aid schemes have to offer his company."

Letters to the Editor

[E]ngineering [c]apability

[Fro]m Mr. D. Henderson.

[S]ir,—Heavy engineering capa[ci]ty in this country continues [to] diminish. The last 12 months [have] seen the closure announced [of] GKN's heavy machine shop in [Wo]lverhampton and of [Al]exander Stephen here in [Gl]asgow. A number of replace[me]nt medium heavy machine [to]ols have been installed or [or]dered elsewhere but few, if [an]y, in the jumbo or super class, [su]ch as are being installed by [ou]r competitors abroad.

[I] recently visited a large [tur]bine building establishment [in] Italy. It was already very well [equ]ipped but I could see that [the] workload was not heavy. [Wh]en I was shown the founda[tio]ns of an enormous new [tur]bine machining complex, com[pri]sing four or five new jumbo [ma]chines, that was being put [do]wn. Astonished, I asked the [dim]inutive works manager how [he] could justify such enormous [exp]enditure when it was not pos[sibl]e to employ his existing [faci]lities fully. In reply he [shr]ugged his shoulders, smiled, [and] said "Who stands still dies [whe]re they stand." Perhaps that [is p]utting the situation rather [too] simply, but in essence it is [corr]ect.

[W]here there has been major [inve]stment in this country as in [the] areas of shipbuilding (as [oppo]sed to marine engineering) [the f]act that the investment has [faile]d to pay off (with one or [two] notable exceptions) shows [that] investment alone does not [solve] the problem. More, much [more], is required of men and [man]agement, if the decline in [heav]y engineering is not to con[tinue].

[Mr.] Healey talks of a massive [upt]urn in the economy, a boom [in th]e offing, but does not say [from] whence, or how it will come. [The] additional markets for the [...] the rolling mills, the [...]es, the civil works, the con[sumer] goods, the armaments—[wher]e to-day is the stimulus for [...] Is there another war be[yond] the horizon for which to [prep]are? I don't know, but I do [know] that if we pay ourselves a [little] less instead of a little more, [work] 5 per cent. harder in terms [of i]ndividual output, and come [to te]rms with the fact that we [are] not owed our place in life, [then] I believe we can have a [faire]r share of existing markets, [and d]eserve a place in the sun. [Tho]se who shape our destiny [at] whatever level and in what[ever] manner—either believe in [it or] pay lip service to it. But [how m]any of to-day's leaders be[lieve] in it?

[D.] Henderson,
[Hend]erson and Keay
[(En]gineering),
[...] North Claremont Street,
[Glasg]ow.

[C]ertifying a [tr]ade union

[From] The General Secretary, [Fe]deration of Employee [Organ]isations.

[Sir,]—May I add a few com[ments] to Christian Tyler's de[script]ion of the state of play on [certifi]cation of independence of [trade] unions (August 10).

[The C]onservative Government, at [the r]equest of the TUC, intro[duced] the Registrar of Trade [Union]s in the Industrial Rela[tions] Act, 1971. Before being [place]d on the register a trade [union] had to satisfy the Regis[trar] that it was not under the [domin]ation or control of an [emplo]yer or employers. About 200 unions registered. As a protest against the 1971 Act, the TUC expelled all its affiliates which registered.

The Labour Government, at the request of the TUC, repealed the 1971 Act and so abolished the Registrar of Trade Unions. Public money had been spent and wasted. Again at the request of the TUC, the process of proving independence was made necessary for trade unions under the Trade Union and Labour Relations Act, 1974, and the Employment Protection Act, 1975. A new name, address and definition of independence thinly disguised the resurrection of the Registrar of Trade Unions from the 1971 Act.

The Certification Officer has been at work "certifying" trade unions for a mere six months and yet again at the request of the TUC the Government announces that the rules governing certification of independence are to be changed.

Several of the 200 trade unions which proved independence under the 1971 Act have done so for the second time under the 1974-75 legislation. This time TUC unions are also proving independence. The Government says that the legislation is unsatisfactory and needs tightening up. It seems that the 144 certificates which have already been issued are not worth the price of the paper nor the cost of the Certification Office. The reason given by the Government is that there is a risk of certificates being used to upset stable collective bargaining arrangements and to create damaging inter-union disputes.

We have pressed the Department of Employment to state where the risk exists at the moment, what the risks specifically are, what damage is expected and who is expected to initiate the damage. No answer is the loud reply. We are forced to the conclusion that there is a scaremonger at large and that the process of certification has less to do with independence from employers than it has with political gerrymandering.

Paul Nicolson.
69b, High Street,
Harpenden, Herts.

Exposed to competition

From Mr. J. Comer.

Sir,—I saw on, I believe, a Money Programme a year or so ago, Sir Fred Catherwood, with some ferocity, cut into a young Cambridge economist who had suggested that selected import controls would be needed because so much of our plant was outdated and because the EEC would lower the barriers.

Now Sir Fred (July 27) confirms that we are competing with companies "which, for at least a decade, have had a cash flow to put down equipment at twice our rate." "We opted," he says "for a free market and if we are not prepared to live with the consequences, we are likely to end up with a controlled market for a long time to come." I am sure he is dead right, but we did of course, so opt because pundits like Sir Fred told us what a lovely large market it was, what a challenge and so forth and did not just then put a lot of emphasis on this little difficulty about obsolete plant.

Now he upbraids us for not at the eleventh hour, investing like mad to try and catch up while our competitors continue to have this untrammelled edge over us. The short answer as to why we don't do this is because, as things stand, we are scared of losing our money.

Mr. Noble in his letter (August 2) propounds the main trouble as managerial and says that we have not invested on the scale of our competitors for 30 years. Actually it is more like 70 years; and, as exporters, we have never had to use our wits like the Germans or the Japanese because so much of the world was coloured red in those days and the competition was less intense.

No, the sad truth is that Britain's vast overseas investments and political power gave us automatically a fine favourable balance of indebtedness without our having to exert ourselves too much. Now most of the investments and the red patches have gone and we have to face a different scene, and we must have the protection of selected import controls while we set about this uphill task. These controls must be very carefully selected both as to what is controlled, how much and for how long and, as part of the bargain, it must be decided what capital is to be invested and on what terms. The unions would have to be aligned and the chapter and verse of who gets what part of the benefit as between the shareholders and the Government would be agreed.

Not a pleasant prospect for those whose social nostalgia makes them long for the "freedom" of generalised solutions. Harold Wilson and George Brown tried a woolly technocratic approach ("White hot," I believe it was), Mr. Heath a dash for freedom, Sir Fred the EEC, and others to-day dilate on the "advantages" of the depreciated £.

But the malaise is one of detail. Our goods must outclass those of our competitors, piece for piece, at the right price and only when they do so will our problems be solved.

Horrid, isn't it, for this hasn't been our line of country for quite some time.

J. C. Comer.
Mill Lane End,
Lenwade, Norwich.

Closed-end trusts

From Mr. C. Wyatt

Sir,—I was interested to read in Lex's comments on closed-end trusts (August 9) that the Association of Closed-End Investment Companies is financing a special study at Wharton Business School in the hope of finding why they are selling at such a discount.

All stratas of industry, public and private, now appear to be adorned with a variety of working parties and committees possessed of no greater intelligence than those who set them their tasks. The ACEIC could therefore save itself money by going off to some sandy cove and asking itself, not the Wharton Business School, this very question:

If totally honest I think some of the following conclusions might appear. Investment trusts are boring to the private investor as share movements do not reflect management expertise or otherwise, but simply buying or selling in markets which are usually thin. This tedium is in no way relieved by the general standards of information and chairmen's reports prevalent throughout the industry.

The plethora of "middle of the road" trusts available (that is offering no form of specialisation, geographic or otherwise) could give rise to the unworthy thought that there is more in them for management than investor.

If gearing provides the major part of investment trust appeal there can be little incentive to buy the shares other than in strong bull market conditions.

With these conclusions as a platform perhaps the ACEIC could come up with some positive ideas for revitalising the industry all by itself.

Charles Wyatt.
Wyatt Associates,
Malcolm House,
12, Orange Street,
Haymarket, W.C.2.

Capital gains tax

From Dr. E. Bateman.

Sir,—Christopher Hill, in his very informative article on "The decline of the private investor." (August 7) says that "there are almost as many explanations as investors" for the fall in the past 10 or 12 years in the share of quoted securities attributable to the private sector. But he omits to mention the prime cause: the long-term capital gains tax introduced in 1965. Naturally the share of market capitalisation has shifted in favour of pension funds and charities which enjoy their inequitable exemption from CGT.

Private investment is now primarily the self-management of individual pension funds by those self-employed who still prefer to venture the risks and rewards of traditional direct investment (and accept a higher income-tax assessment) rather than become servile dependants of insurance companies and pension fund managers. On such prudent citizens, CGT is becoming a penal burden. This is not, as has sometimes been suggested, a voluntary tax. It bites directly when cash is the only option on a takeover. It bites indirectly when loan-stock is part of the consideration for the forced surrender of first-class equity and the intelligent investor takes the earliest opportunity to re-invest in ordinary. In such case the private investor should be granted the roll-over relief which has been so helpful to both personal and corporate taxpayers in connection with some switching transactions in land.

CGT, in its present monolithic form, inhibits both switching and stagging. The Chancellor has very properly turned down "indexation." This we do not want. It would add another cloak of respectability to inflation. What we do want, however, is the time-taper urged by the then chairman of Barclays Bank in his last annual statement before the introduction of long-term CGT. It is monstrous and indefensible that CGT on the forced surrender of ordinary shares held for 20 years should be imposed at the same rate as that on a speculative profit encashed within the fortnightly account.

E. H. Bateman.
Sandyridge Cottage,
Upper Bourne,
Farnham, Surrey.

No allowance for inflation

From Mr. A. Watkinson.

Sir,—I was very pleased to see the very sensible letter from Mr. S. W. Penwill (August 5) in which he points to the disastrous effects that a wealth tax would have if it was imposed on top of the present penal capital gains tax which makes no allowance for inflation.

As it is the politicians have destroyed a great deal of wealth by debasing the currency and many people who have tried to save and invest now have less than half the purchasing power that they had (4 short years ago) in 1972.

A. I. Watkinson.
3 Otley Road,
Harrogate, North Yorks.

To-day's Events

GENERAL

Dr. Henry Kisinger, U.S. Secretary of State, makes short visit to The Hague en route for Washington, at end of tour covering the U.K., Iran, Pakistan and France.

Mr. J. D. Anthony, Deputy Prime Minister of Australia, begins six-day visit to U.K.

Index of industrial production for June published.

National Council on Inland Transport issues statement on Government transport policy.

Confederation of Shipbuilding and Engineering Unions' two-day meeting begins, York.

COMPANY RESULTS

Carrington Viyella (half-year). Corah (half-year). General Accident Fire and Life Assurance (half-year). Glynwed (half-year). Hume Holdings (full-year). Rentokil (half-year). Wardle (Bernard) (half-year).

COMPANY MEETINGS

AD International, 40, Broadwick Street, W., 12. Braby Leslie, Abercorn Rooms, E.C., 11.30. Brown and Tawse, Dundee, 12. Chubb and Son, Abercorn Rooms, E.C., 12. Culter Guard Bridge, Peterculter, Aberdeenshire, 12. Ingersoll Group, 202, New North Road, N., 11.30. Matthews Holdings, Epsom, 11.30. Sayers (Confectioners), Liverpool, 3. Wolverhampton Steam Laundry, Wolverhampton, 11.30.

OPERA

English National Opera production of The Mastersingers of Nuremberg, Coliseum Theatre, W.C.2, 5.30 p.m.

BALLET

Dance Theatre of Harlem perform Allegro Brillante, The Combat, Manifestations, and Dougla, Sadler's Wells Theatre, E.C.1, 7.30 pm.

Mazowsze (Polish Dance Company), Royal Festival Hall, S.E.1, 7.30 p.m.

MUSIC

Henry Wood Promenade Concerts. BBC Northern Symphony Orchestra, conductors John Pritchard and Christopher Adey, play works by Bruckner, Strauss, Fricker, and Britten. Royal Albert Hall, S.W.7, 7.30 p.m.

Jessye Norman (soprano) and Dalton Baldwin (piano) in music by Schumann, Poulenc, and Duparc, Queen Elizabeth Hall, S.E.1, 7.45 p.m.

SPORT

Cricket: D. H. Robins XI v. Sussex, Eastbourne. Golf: Club professional championships, Moortown; Irish amateur championships, Royal Portrush. Tennis: Under-21 championships, Manchester. Yachting: European 420 championships, Dun Laoghaire.

COMPANY NEWS + COMMENT

Midway rise of 5.9% at Smith and Nephew

IN THEIR second interim report, the directors of Smith and Nephew Associated Companies announce third party sales up by 19.8 per cent. to £65.14m. and pre-tax profit ahead by 5.9 per cent. to £5.87m. for the 24 weeks to June 19, 1976.

The interim dividend is raised from 0.644p to 0.708p net, taking £1.03m.

U.K. sales and exports of cosmetics and toiletries have improved, compared with 1975 and are compensating for losses in the U.S., say the directors.

	24 weeks 1976 £000	1975 £000
External sales	65 137	54,390
Operating profit†	7,289	7,174
Interest paid	1,424	1,617
Profit before tax	5,865	5,537
Taxation	2,786	2,520
Net profit	3,079	3,017
Minorities	13	12
Attributable	3,066	3,005

† Includes associated £545,000 (£589,000).

Mr. Stephen Steen has relinquished the chairmanship of the company and becomes president. He is succeeded by Mr. Kenneth Kemp.

The third report for the 40-week period to October 9, 1976 will be issued in mid-December.

For the first 12 weeks of the current year turnover was £31.69m. and profit £2.96m. For the year to end December 1975 the figures were £118.56m. and £11.82m. respectively, and dividends totalled 1.9616p.

The company makes surgical, medical and sanitary products, paper, textiles, toiletries and plastics.

See Lex

INDEX TO COMPANY HIGHLIGHTS

£0.87m. by David S. Smith

WITH A second-half contribution up from £429,375 to £495,163, pre-tax profit of David S. Smith (Holdings), printers and carton manufacturers, improved from £778,375 to a record £871,163 in the year to April 30, 1976.

At the interim stage, when pre-tax profit was up from £349,000 to £376,000, chairman Mr. David S. Smith said the directors hoped continued progress would be maintained.

	1975-76 £	1974-75 £
Profit before tax	871,163	778,375
Taxation*	460,191	407 000
Net profit	410,972	371,375
Dividends	117,508	105,090
Forward	630,901	337,319

* After crediting tax equalisation £4,309 (charge £4,000).

Now, Mr. Smith says if the pace of activity experienced during the past three months can be maintained "we expect once again to achieve satisfactory results in the current year."

A final dividend of 1.1675p lifts the net total from 1.9973p to 2.1675p per 20p share, the maximum permitted.

● comment

D. S. Smith's full year profits have risen by 12 per cent. pre-tax with the fastest growth having occurred in the second six months. Sales growth also accelerated slightly in the second half, from 12 per cent. in the first six months to 15 per cent. Whether this is attributable to a general increase in demand for the group's products or to a widening of its market share is not yet clear. But Smith's strong cash position (which is currently well above the £672,000 shown in the last accounts) must leave it well placed to take advantage of either situation. Until more is known about the present trading position, the shares are unlikely to see much, if any, upward movement, but in the meantime a yield of 10.5 per cent., covered 3.5 times, is probably adequate support for a share price of 33p.

W. Jackson turns in £1.64m.

Bakers, confectioners, meat product manufacturers, and supermarket operators, William Jackson & Son—a close company—reports profits up from £1,255,533 to £1,640,031 for the year to April 24, 1976, after a rise from £513,113 to £948,749 in the first half.

Tax for the year takes £867,057 compared with £711,913 leaving £772,974 against £543,620. The dividend is raised from 3.941p to 4.335p per 50p share.

Wholesale Fittings tops £1m.

RESULTS OF the Wholesale Fittings Company, for the 53 weeks ended April 30, 1976 show a further increase in turnover, which for the first time exceeded £10m. Profits before tax amounted to £1.03m., compared with £987,000 in the previous year.

Earnings per 20p share are up from 12.9p to 13.7p and the net final dividend is 3.069p making a total of 4.719p compared with 4.29p previously.

The profit includes £222,127 in respect of an insurance claim for loss of profits due to a fire which seriously damaged the company's former head office in November, 1974. The claim has been settled and the amount of £222,127 included in profit before tax represents that part of the claim relating to the financial year.

The balance of £57,606 after tax, relates to the previous year and has been treated as a prior year item.

Turnover and profit before tax for the first six months were adversely affected by the fire. Since the figures did not include any amount in respect of the claim, it is not possible to make direct comparison between turnover and profits for the two halves of last year, the directors say.

	1975-76 £000	1974-75 £000
Sales	10 301	9,449
Profit before tax	1,029	987
Tax	548	531
Net profit	481	456
Property profit	63	—

There are some indications of an improvement in trading conditions, the directors add. Turnover for the first three months of the current year in volume terms is showing a slight increase over the corresponding period of last year. Nevertheless it would be unwise to be anything but cautious in forecasting the level of profits, they state.

The company's liquidity position is strong. A new depot in Ipswich will be opened shortly and this will extend activities into East Anglia.

The group trades as wholesale electrical distributors.

● comment

The electrical distributors, Wholesale Fittings, seems to have had a dull year with the 9 per cent. increase in turnover probably relating mostly to price increases. In the first three months of the current year, the volume of business was also only slightly better than in the comparable period last year. Meanwhile, profits have suffered. Excluding the insurance claim items, the pre-tax fall has been over 18 per cent. While waiting for a real upturn in demand for electrical fittings from the commercial and industrial sectors, the group is expanding its area of business into the fast developing East Anglian region. The new depot at Ipswich is expected to start trading by mid-September. The shares rose 3p yesterday to 59p to yield 12.9 per cent. which (excluding the insurance item) is covered 2.3 times, while the p/e is 5.

Gaskell (Bacup) upsurge

FIRST HALF 1976 turnover of Gaskell and Co. (Bacup) increased from £2.39m. to £3.26m., and pre-tax profit expanded from £139,223 to £300,505, which exceeds the £294,677 for the year 1975.

The interim dividend is lifted from 1.98p to 2.178p net per 20p share. The 1975 total was 5.053p.

	Half-year 1976 £	1975 £
Turnover	3,257,456	2,399,562
Pre-tax profit	300,505	139,223
Taxation	155,209	71,060
Applicable parent	145,965	67,955

The company manufactures carpet underlays, floorcoverings and other non-woven products.

● comment

Gaskell and Co's. interim figures compare with a particularly depressed period in the previous year but, even so, more than doubled pre-tax profits—on margins increased from 5.8 per cent. to 9.2 per cent.—put the group well on the road to achieving full-year results around the peak 1973 level. A substantial improvement in volume sales has been greatly boosted by two new floor covering products, one of which is benefiting from being at the cheaper end of the range. However, ahead of a real recovery in consumer demand for domestic durables, business prospects are overshadowed by the rising costs of raw materials, particularly wool, which are difficult to recover in an increasingly competitive market. The shares at 62p, up 2p yesterday, give a maximum yield of 14.3 per cent.

Brent Walker profit cut

A DROP in pre-tax profits from £629,171 to £194,046 is reported by leisure group, Brent Walker for 1975. Turnover for the year amounted to £4.2m., against £3.22m., previously.

Earnings per 5p share before extraordinary items are 0.73p against 3.36p. A net final dividend of 0.6683857p makes a maximum permitted total of 1.0183857p compared with 0.932657p previously.

	1975 £	1974 £
Turnover	4,204,672	3,221,764
Pre-tax profit	194,046	629,171
Taxation	142,969	394,174
Extraord. credits	163,773	66,643
Retained	141,563	276,102

The directors say that as there is always a time lag between the act of investment and the appearance of trading profits the group's earnings for 1975 are consequently depressed. Strong optimism for the future is based upon a healthy current trading situation in all leisure facilities.

There is cash available for new investment projects and the likelihood of further profitable overseas operations such as the Cairo Hotel project.

The group, formerly Hackney and Hendon Greyhounds changed its name in May 1974.

Ashley Ashwood

Mr. Peter Smith, chairman of Securicor Group, seen after yesterday's Press conference at which he announced a 23 per cent. increase in first-half profits.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Aaronson Bros. ......int.	0.55	Oct. 8	0.5	—	1.6
Aeronautical and Gen. ...	2.03	—	1	2.03	1
Aquis Securities ..... int.	0.23	Oct. 4	0.23	—	0.58
Brent Walker	0.67	Sept. 10	0.59	1.02	0.93
Bougainville Copper ...int.	5.0(b)	Nov. 4	5	—	10
Horace Cory ....int.	0.2	Sept. 30	0.17*	—	0.56*
Dinkie Heel ....int.	0.34	Jan. 5	0.3	—	0.64
Drayton Premier Inv. int.	1.4	Sept. 7	1.4	—	3.4
Gaskell (Bacup) ......int.	2.18	Sept. 17	1.98	—	5.05
Hales Properties	1.54	Sept. 17	1.35	2.42	2.23
Wm. Jackson and Son ...	4.34	—	3.94	4.34	3.94
Owen and Robinson	10	—	10	16	16
Rea Brothers ....int.	0.65	Oct. 8	0.58*	—	1.34*
Securicor Group ......int.	0.27	Oct. 1	0.24*	—	1.02*
Security Services ......int.	0.6	Oct. 1	0.54*	—	1.62*
Shires Investment 1st int.	2.8	Sept. 30	1.4(a)	—	6.4(a)
David S. Smith	1.17	Oct. 4	1.09	2.17	1.99
Smith and Nephew ...int.	0.71	Oct. 4	0.64	—	1.96
Squirrel Horn .... int.	0.5	Oct. 8	0.38*	—	1.26*
Wholesale Fittings	3.07	Oct. 13	2.79	4.72	4.29

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and or acquisition issues. (a) Per 25p share before one-for-one scrip issue and consolidation into 50p shares. (b) In toea.

Chamberlain Phipps has good start

At the annual meeting yesterday of Chamberlain Phipps chairman Mr. W. R. Chamberlain reaffirmed that the current year would produce an appreciable increase in profits and earnings per share.

In the year ended March 31, 1976 profits fell from £1.28m. to £0.69m. and earnings were down from 2.54p to 0.91p.

Mr. Chamberlain revealed that profits for the first quarter of the current year not only very considerably exceeded the equivalent period in 1975, but were better than in any quarter in the last financial year.

Recovery had taken place in all divisions, both in the U.K. and overseas, and exports were running 80 per cent. ahead of last year. There had been a significant improvement in the general industries divisions.

About difficulties in the British footwear industry, which market accounts for approximately 40 per cent. of groups sales, Mr. Chamberlain said that because the company was obtaining an increased share of available business based on new products, as well as a large increase in exports factories supplying the footwear industry had a very good quarter.

Hales Props. pays more: 20% scrip

From earnings of 5.44p, against 4.26p, per 25p share Hales Properties is lifting its dividend from 2.225p to 2.415p net, the maximum permitted, with a final of 1.54p, and a one-for-five scrip issue is proposed.

Turnover for the year to March 31, 1976 increased from £491,505 to £565,945, and profit advanced from £119,489 to £157,515, subject to tax of £72,229 (£52,853).

Property Growth Assurance

In the latest report of Property Growth Assurance, the chairman, Mr. E. W. Phillips says that after a very difficult year in 1974-75, the company again forged ahead last year and now manages assets of about £80m., representing the savings of more than 45,000 policyholders.

In February 1975 Property Growth purchased Atlantic Assurance which contributes £11¼m. to the total sums under management. Recently it formed an overseas subsidiary based in Gibraltar, Property Growth Overseas, which has launched two investment bonds—one in association with the Chase Manhattan Bank.

New Sun Life pension plan

Sun Life Assurance has introduced a new self-employed pensions contract—the Personal Pension Plan—designed to deal simply and effectively with the pensions problems of the self-employed. Basically, it is a with-profits deferred annuity policy, where the guaranteed pension is increased by bonus additions. The whole emphasis of the contract is flexibility, the investor has complete freedom regarding the choice of retirement date. The plan contains the usual commutation option at retirement and the contributions qualify for tax relief at the investor's top rate.

The self-employed can expect to receive nothing more than the basic pension from the State scheme even under the new proposed system. Therefore they have to make their own arrangements regarding such provision, but investors can obtain generous tax treatment if they effect a pensions contract through a life company.

For example, an investor aged 55 wishes to pay £500 a year towards the plan. Assuming his top tax rate is 45 per cent., the net cost to him is £275 per annum. Under the plan this would secure at age 70 a pension of £2,297 per annum, at current bonus rates, which is treated as earned income for tax purposes. Alternatively, he can take a tax-free lump sum of £4,977 and a pension of £1,659 per annum.

ISSUE NEWS

Polymark placing to raise £0.45m.

Polymark International has completed arrangements, through Industrial and Commercial Finance Corporation and in conjunction with Vickers, da Costa, to place 1.5m. new Ordinary 10p shares with a number of institutions at 32p per share.

Holders—with the exception of those who are also placees or members of the company's founding family—are, however, being given the opportunity to participate. Those registered on August 20 will be able to subscribe for up to three Ordinary shares for every eight held—about the same basis as if the new shares had been issued by rights. The number of shares ultimately allotted to placees will therefore be reduced to the extent that holders take up new shares.

Treasury approval has been given for an increase in the dividend for 1976 on the enlarged Ordinary capital to 2.4375p (1975, 1.60875p) net per share. At the issue price, the gross dividend yield will therefore be 11.72 per cent.

The £450,000 net proceeds will be used to finance a number of new projects, both in the U.K. and overseas, including a major increase in manufacturing capacity for the Transtat labels. Mr. P. Meyer, chairman, says the progress reflected in 1975 is continuing in the current year, with sales for the first six months some 45 per cent. greater than the corresponding period, and the order book at June 30 also significantly higher.

Details of the proposals convening an EGM to increase the authorised capital and approve the issue were despatched to holders yesterday, together with the annual report and accounts for 1975. As announced on June 8, group sales for 1975 were £7.22m. (£5.61m.) and pre-tax profits increased to £689,315 (£423,953).

See Lex

MERCHANTS TRUST

Merchants Trust announces that in respect of the conversion entitlement on August 2, £899,169 of the 4 per cent. convertible unsecured loan stock dated 1990-95 was lodged for conversion into 1.5m. Ordinary stock units of 25p.

Ordinary stock certificates fractional entitlements arising conversion will be posted on before August 27 and a h year's interest on the £1.01m loan stock not converted will paid on September 6.

ROWNTREE

Rowntree Mackintosh announ that acceptances have b received in respect of rou 93.82 per cent. of the 7.2m. Ordinary shares offered by ri at 178p per share. The shares not taken up have b sold by J. Henry Schroder W and Co. at a premium over issue price. The net premiu 25½p per share will be distrib in proportion among the hol to whom such shares were p sionally allotted.

Fully paid allotment letters renounceable up to 3.0 p.m. Friday, September 3, 1976.

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TO-DAY

Interims—Carrington Viyella, Cot... English and Scottish Investors, Gen... Accident, Glynwed, J. Howard Tennis, Re... sil, Bernard Wardle.

Finals—Howard Shuttering, Hume H... ngs, London Electrical and General Tr... Primrose Industrial, Richards of Shef...

FUTURE DATES

Interims—
Alliance Trust ... Aug
Bibby (J.) ... Aug
Britannic Assurance ... Aug
Canadian Imperial Bank of Com. ... Sept
Edinburgh Investment Trust ... Sept
Imperial Chemical Industries ... Sept
Lec Refrigeration ... Aug
Mitchell Cotts ... Sept
Pearl Assurance ... Aug
Stanley (A. G.) ... Aug
Turner and Newall ... Sept
Weir Group ... Aug
Winchmore Investment Trust ... Aug

Finals—
Centre Hotels (Cranston) ... Aug
Glendevon Investment Trust ... Sept
Hawthorn Baker ... Aug
Investment Company ... Aug
London and Liverpool Trust ... Aug
Meat Trade Suppliers ... Aug
Reliance Knitwear ... Aug
Second Alliance Trust ... Aug
Vibroplant ... Aug
Victor Products (Wallsend) ... Aug

Yearlings at 11¾%

This week's batch of local authority yearling bonds carry a coupon rate of 11¾ per cent. against 11¾ per cent. in the previous week. The bonds are priced at par and mature on August 17, 1977.

They are: Crawley Borough Council (£½m.), Kirklees Metropolitan Borough Council (£¼m), Ettrick and Lauderdale District Council (£¼m.), Roxburgh District Council (£¼m.), Sedgemoor District Council (£¼m.), West Lothian District Council (£¼m.), Cunninghame District Council (£½m.), Hertfordshire County Council (£1m.), West Yorkshire Metropolitan County Council (£¼m.), City of Nottingham (£1¼m.), London Borough of Barnet (£1m.), Chiltern District Council (£½m.), London Borough of Croydon (£1m.), Doncaster Metropolitan Borough Co... (£0.4m.), London Borough Haringey (£2m.), Lichfield District Council (£¼m.), Rhymney V... District Council (£¼m.), City of Southampton (£1m.), Borough Hyndburn (£¼m.), Metropolitan Borough of Calderdale (£... Wansbeck District Co... (£0.3m.), Vale of Glamorgan Borough Council (£½m.), Wellingborough District Council (£... Borough of South Tyne... (£0.6m.), City of Nottingham (£1¼m.), City of Kingston upon Hull (£1m.), St. Edmundsbury Borough Council (£½m.), Wa... Metropolitan Borough Co... (£½m.), City of Westminster (£1m.), Wimborne District Council (£½m.), and Greater Manchester County Council (£½m...

COUNTER-INFLATION ACT 1973

The Treasury have given consent to the declaration by the following companies of dividends of the total amounts specified for the financial years ending on the specified dates

Letraset International Ltd.	London, SE1	£803.776	30. 4.76
Mining Supplies Ltd.	Doncaster	£173.077	1. 5.76
Ascra Securities Ltd.	Walsall	£104.128	30. 4.76
Wilson Bros Ltd.	Hayes	£177.220	31. 3.76
Unigate Ltd.	London, W3	£8.464.242	31. 3.76
Watsham's Ltd.	Reading	£110.000	31. 3.76
Grindlays Holdings Ltd.	London, EC2	£261.538	31.12.76
The Customagic Manufacturing Co. Ltd.	Manchester	£72.692	30. 4.76
H A T Group Ltd.	Wrington	£710.423	29. 2.76
Morgan Edwards Ltd.	Shrewsbury	£116.422	3. 4.76
William Cook & Sons (Sheffield) Ltd.	Sheffield	£51.076	31. 3.76
Amalgamated Distilled Products Ltd.	Glasgow	£196.140	31. 3.76
Grovebell Group Ltd.	Kingston upon Thames	£11.538	30.11.76
The Fairey Co. Ltd.	Hounslow	£1,183.742	31. 3.76

Published by the Treasury as required by the above Act

RECENT ISSUES

EQUITIES

Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −	Div. Amount	Times covered	Gross Yield	P/E Ratio
F.P.	—	19½	8½	Automated Sec. 10p	9½		t0.66	2.5	10.5	5.8
F.P.	—	£29¼	£21½	Barry Pacific Fd. US$1	£24¼	+¼	40c	—	0.8	—
F.P.	—	70	65	Borthwick (Thos.) 50p	70		3.5	2.0	12.1	6.24
F.P.	—	£31⅞	£22½	Emhart $US1	£24½	+1	Q$1.52	—	13.4	—
F.P.	15/9	235	204	Hambro Life Assur.	210	−1	615.75	—	10.1	—
F.P.	20/8	62	57	Leech (Wm.) Builders	60		3.5	3.2	12.8	5.8
F.P.	23/9	111	104	Molins	109	+1	6.5	2.4	8.2	5.9
F.P.	—	82.14	82	Renown Inc. Y50	82.14		Q15c	—	0.8	—
F.P.	—	105	99	Totes S.A. [illegible]	105					

FIXED INTEREST STOCKS

Amount Paid up	Latest Renunc. Date	1976 High	1976 Low	Stock	Closing Price	+ or −
F.P.	—	100	100	Agricultural Mortgage 13% Bond 1978	100	......
50	25/8	50	47½	Birmingham (City of) 13% Red. Stock 1983	50	+¼
F.P.	—	$99¼	$99⅛	Bowater 9¾% Bonds 1986	$99¼	......
—	—	104	100	Debenhams 11% Con. Uns. 1993-8	100½	......
—	—	10	9¾	G.T. Asia (Sterling) Fd. Prt. Red. Prf. (Gp)	10	......
F.P.	—	$96¼	$96⅛	IAC 9¾% Notes 1981	$96½	......
Nil	—	$99¼	$99	Lloyds Eurofinance Guar. Fl'ting N's 1983	$99	......
£10	3/9	10⅛	10	Mid Kent Water 8% Red. Prf. 1981	10	......
F.P.	—	$99	$99	Nat. Coal Board 8¾% Guar. Notes 1981	$99	......
Nil	—	$99½	$99	Nat. Westminster 9% Cap. Bonds 1986	$99	......
—	—	$103½	$100½	New Brunswick (Province of) 9¾%	$108½	......
£10	—	10	10	Portsmouth Water 8% Red. Prf. Stk. 1981	10	......
Nil	—	$101	$100	Royal Bank of Scotland Floating Rate 1983	$101	......
—	—	99⅝	99¼	Royal Tst. Mort. 9¾% Red. 1982	99⅝	......
£50	12/11	50⅝	49½	Sandwell (Met. Borough) 13% Red. Stock 1982	50⅝	+⅛
F.P.	30/7	99½	97½	Sunderland & S. Shields Wtr. 8% Red. Pref. 1981	98	......

"RIGHTS" OFFERS

Amount Paid up	Latest Renunc. Date		1976 High	1976 Low	Stock	Closing Price p***	+ or −
F.P.	9/7	13/8	142	130	AAH	139	......
F.P.	—	—	48	38	Airfix Inds.	41	......
F.P.	30/7	27/8	135	128	Allied Colloids	132	......
Nil	13/8	10/9	16	8	Braby Leslie	11pm	−1
F.P.	19/7	27/8	44	41½	Charterhouse Grp	43	......
F.P.	16/6	30/7	17½	14½	Coalite & Chemical	16½	......
F.P.	9/7	5/8	33	30½	Downs Surgical	30½	......
F.P.	10/8	17/9	18½	16½	Ewer (George)	16½	+½
F.P.	21/7	18/8	37	34	Hargreaves Group	37	+½
Nil	—	—	31	28	Hogg Robinson	29pm	......
Nil	13/8	10/9	2	½	Kwick Fit (Tyres + Ex.)	2pm	+½
Nil	19/8	24/9	30	15	National Westminster	25pm	−3
F.P.	22/6	20/8	24	22½	Press (William)	23½	......
F.P.	26/7	6/9	27½	25	Readicut Intl.	25½	+¼
Nil	19/8	1/10	28	19	Reed Intl.	24pm	+2
F.P.	6/8	3/9	208	198	Rowntree Mackintosh	206	......
Nil	2/8	8/10	28	23	Second City Prop.	23½	+½
F.P.	19/7	27/8	73½	61½	600 Group	73	......
F.P.	10/8	2/9	31½	28	Vernon Fashions	29	......
F.P.	18/6	—	140	83	Western Mining	124	+8
F.P.	9/7	20/8	102	88	W.G.I.	96	......
Nil	17/8	1/10	19	12	Whitecroft Ind.	16pm	......
F.Pd	—	—	81	47	Woodside Burmah	65	+4

Renunciation date usually last day for dealing free of stamp duty. a Placing to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p** Pence unless otherwise indicated. g Forecast dividend: cover based on previous year's earnings. M Figures based on prospectus or other official estimate for 1976. ... shares assumed. § Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ... offered to holders of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ‡ Rights ... by way of capitalisation. †† Tender allotment price. ♣ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ✓ With warrants. ♦ After suspension.

MINING NEWS

First-half rise for Bougainville

BY MALCOLM DUMPHREYS

THANKS to increased copper shipments and a higher metal price, the Rio Tinto-Zinc group's big Bougainville copper-gold mine in Papua, New Guinea, reports increased net earnings of Kina 22.55m. (£17.06m.) for the half-year to June 30 compared with K19.92m. for the first six months of 1975. An unchanged interim dividend of 5 toea (3.5p) is now declared, the 1976 total being 10 toea.

The latest earnings were achieved despite higher costs resulting from increased production, labour charges and fuel prices. The average copper price received during the latest period was £775 a tonne compared with an average for the whole of 1975 of £558 a tonne.

Revenue from gold declined in line with the bullion price, the average received during the latest period being $128 as against $173 previously.

In addition to deliveries to long term buyers, Bougainville secured sales contracts for some 28,000 tonnes of concentrate during the first half of the current year, including a shipment to the USA and also to the Peoples' Republic of China to be delivered in the second half. Sales commitments already held are expected to absorb forecast production for the remainder of the year.

Loan raising continued with commitments totalling K28m. (£19.6m.) to finance new capital expenditures, mainly haul truck replacements and housing, having been negotiated or currently being finalised. The revaluation of the Kina against the Australian dollar in July will have a small adverse effect on full year earnings.

Being incorporated in PNG, Bougainville will not suffer from the recent increase in that country's company income tax while second-half earnings should benefit from the higher copper price currently obtaining. The shares were 145p yesterday.

W. TITANIUM DIVIDEND CUT

Despite increased net profits for the year to June 30 of $1.81m. (£1.26m.) compared with $1.67m. for 1974-75, the Consolidated Gold Fields group's Western Australian beach sand minerals producer Western Titanium is reducing its dividend to 14 cents (9.7p) from 21 cents previously with a final payment of 10.5 cents (7.3p).

The company says that the dividend has been reduced to conserve cash resources having regard to the substantial loan funds employed. Interest and other pre-production costs relating to the Eneabba project amounting to $1.52m. ($186,000 previously) have been charged to operating expenses. Western Titanium were 125p yesterday.

Fresh study on S. African coal

FOLLOWING hard on the heels of the Petrick Commission report into South Africa's coal resources, which led to a rise in the controlled coal price of R2.26 (145p) to R6.78 (£4.35) a ton, comes news that a new committee has been appointed. It will be chaired by Dr. W. J. de Villiers of General Mining, which operates one of the Republic's biggest producers, Trans-Natal Coal Corporation.

Our Johannesburg correspondent reports that the new committee's task will be to investigate urgently matters which did not fall within the Petrick Commission's terms of reference. These include present and projected demand for coal, the amount of investment needed and changes required in the price structure to optimise coal production.

According to the Transvaal Coal Owners Association, there is at present a shortfall in the domestic market of about 0.5m. tons anually but additional capacity is also needed to meet peak demand periods and some 2m. tons annual capacity needs to be installed as soon as possible to meet 1976-77 demand.

In the short-term, expansion of existing producers will fill part of the gap but the present South African domestic price does not justify new collieries. Dr. de Villiers' committee will be looking at ways and means to expand output, which will almost certainly include recommendations for further price increases, possibly up to around the R8 a ton level.

GOPENG GROUP TIN OUTPUTS

In the latest batch of July tin concentrate outputs from Malaysia's mines, those in the Gopeng group, Gopeng itself reports an improved production but its 10-month total of 1,840½ tonnes is still down on the 2,013¾ for the same period of 1974-75. Pengkalen's output is the highest monthly figure since June, 1975 but the total for the year to this September to date of 187½ tonnes is still well down on the 309½ tonnes for the comparable period a year ago.

The recovery in Petaling's output brings its nine-month total to 979¾ tonnes as against 917 tonnes for the similar period of 1974-75. The outputs are compared in the following table.

	July Tonnes	June Tonnes	May Tonnes
Gopeng	166½	173½	180¼
Tanjong	20¼	23½	24½
Idris	15½	18	16¼
Pengkalen	31½	24	24¾
Petaling	121½	82½	107½

ROUND-UP

Reflecting the lower average gold price received in the June quarter, working profits from South Africa's gold and uranium mines during the period, at R250.5m. (£161.2m.), were the lowest since the similar three months of 1973. This brings the total for the half-year to date to R510.98m. compared with R680.4m. for the first six months of 1975 when total profits reached R1.34bn.

* * *

As insufficient members attended the recent special meeting of Daggafontein gold mine in Johannesburg in order to consider a change in the company's articles of association, the meeting was adjourned and will now be held on August 19.

* * *

As a result of lower gold prices and investment income, Canada's Kerr Addison Mines reports net income of $3.36m. (£1.89m.) or 35 cents (19p) a share for the first half of the current year compared with $5.09m. or 53 cents for the same period of 1975.

MINING BRIEFS

BH SOUTH—

	12 weeks ended 26.6.76	28.6.75
	(figs. in tonnes)	
Cobar Mines		
Crude ore treated	151,230	162,880
Copper concentrate	7,363	11,138
Copper	1,996	2,816
Zinc concentrate	3,472	2,460
Zinc	1,700	1,204
Lead concentrate	871	733
Kanmantoo		
Crude ore treated:		
Sulphide ore	185,791	202,066
Oxidised ore	13,739	15,455
Copper concentrate	7,835	6,361
Copper	1,873	1,515
Silver (kg.)	437	326
Waste rock removed	251,432	731,778
Development		(metres)
Declined access tunnel	—	57
Lateral	64	132

The decision announced in February, 1976, to place the Kanmantoo mine on care and maintenance prior to June 30, 1976, pending the return to copper prices at which profitable operations can be conducted became effective on June 30, 1976.

Owen & Robinson

After a first-half loss of £16,040 against profits of £66,317, jewellers and silversmiths, Owen and Robinson achieved a pre-tax profit of £5,639 in the year ended May 31, 1975 against £147,619 previously. Turnover was £895,226 against £1.17m.

Earnings per £1 share fell sharply from 89.3p to 2.9p. The net final dividend is again 10p, maintaining the total at 16p.

The year's profit is before tax of £2,109 against £83,644.

METAL INDS.

Metal Industries, a subsidiary of Thorn Electrical Industries intends to ask holders to accept early repayment and cancellation of the outstanding £1,260,498 of 6½ per cent. debenture stock 1985/1990 at £82 per £100 nominal.

BIDS AND DEALS

Ladbroke studying two acquisitions

Ladbroke Group, the book-making, casino and hotels concern, is looking at two other companies, Mills and Allen International—the advertising subsidiary of J. H. Vavasseur Group—and Pleasurama, the entertainment company, with a view to a possible take-over.

Ladbroke, which considers a number of other companies with an eye to purchasing and does not proceed in by any means all cases, is immediately thinking about certain substantial holdings in the two other concerns.

In Pleasurama, which runs bingo halls and casinos, Ladbroke is considering the 28 per cent. stake now held by financier Mr. David Rowland's Williams Hudson Group and sold to it in May at 32p a share by former director Mr. N. F. Miller-Cheevers and Mr. G. C. Wilkinson.

The holding in Mills and Allen which is in question is the 75 per cent. interest owned by J. H. Vavasseur Group, the much-reshaped financial concern which was hit in the secondary banking crisis. Vavasseur's stake in Mills and Allen is one of its major remaining interests, another of its important subsidiaries being Harlow Meyer, the foreign exchange broking concern.

Mr. Cyril Stein, chairman of Ladbroke's, said last night: "The situation in both cases is that we are looking at these companies. But no formal offer has been made for the large holdings in either company."

It is thought that, should Ladbroke agree to buy either or both of the holdings, it would launch a full take-over bid for the rest of the capital, probably in cash. A general offer in this way would be obligatory, under the Take-over Code, for the rest of Mills and Allen, but not for Pleasurama, since the stake in question is less than 30 per cent.

WARREN PLANTS.

Warren Plantation Holdings has acquired the Warrawau Tea Estate in Papua, New Guinea, of some 1,400 acres for a cash outlay of £239,000. The directors see this acquisition as a further expansion and geographical diversification of the company's overseas commodity interests.

PEACOCK SASINI

Warrent plantation Holdings, following its offer, owns 94.8 per cent. of Peacock Sasini Estates Ordinary shares. The balance will be acquired compulsorily.

DRG FORECAST

The directors of Dickinson Robinson Group, which is making an agreed £3½m. bid for Royal Sovereign Group, forecast that profits for 1976 should be in the region of those for last year.

METROPOLE INDS.

The offer by International Combustion (Holdings) for Metropole Industries has been extended to August 16.

Acceptances have been received in respect of 240,381 Metropole Ordinary and IC now holds 311,599 shares (43.4 per cent.) Acceptances have been received for 605,560 preference shares and IC now holds 685,521 shares (85.7 per cent.).

CES moves into West Germany

Combined English Stores, the specialist retailing group headed by Mr. Murray Gordon and in which international mining and industrial group Lonrho has a 4½ per cent stake, is making its first European acquisition move since setting up a joint company with Dutch group N.V. Brabant, a subsidiary of insurance company N.V. Amev, a month ago.

CES and Brabant—through a joint subsidiary Vecar BV—are paying DM11.5m. (£2.5m.) for the West German group BIBA + Pariscope Daub GmbH.

Finance for the acquisition is to be provided by a five-year loan from Banque Nationale de Paris.

Mr. Murray Gordon said last night that the objective of CES was still to increase considerably the proportion of overseas earnings and that further acquisitions in Europe were likely to follow, with a particular emphasis on expansion in West Germany. Mr. Gordon stressed that this policy was in no way connected with the involvement of Lonrho, nor was it dependent on the provision of finance from that source.

The move is considered by CES to be "an important first move into multiple specialist retailing in one of the most prosperous parts of Continental Europe."

SHARE STAKES

Dent Fownes has been advised by its parent company, Ace Investment, that it purchased between July 15 and 29 125,000 share bringing holding to 1,978,103.

London and Manchester Assurance has bought a further 41,000 United States and General Trust Corporation Ordinary shares. Total interest 1,140,011 shares (14.06 per cent.).

Prudential Assurance has advised the City and International Trust that it has purchased 1,334 Ordinary shares making a total holding of 1,596,339 (12.2 per cent.) shares. Prudential continues to hold £89,250 5 per cent Cumulative Preference stock.

ASSOCIATES DEALS

On August 3, Low and Bonar purchased a further 25,000 Bibby and Baron ordinary shares.

On August 6, Cazenove purchased 10,040 Metropole Industries 7¾ per cent. red. part. cum. pref. shares at £0.90 on behalf of International Combustion Holdings.

Hoare Govett purchased 10,000 Bibby and Baron ord. shares at 49p on behalf of Low and Bonar Group.

On August 9, Halliday Simpson bought 75,000 William Uttley at 14p on behalf of Birmingham and Midland Counties Trust.

J. Henry Schroder Wagg bought 7,500 Pilkington Bros. at 304p on behalf of associates.

J. M. Finn bought on behalf of an associate of Tom Martin Metals Group 15,000 S. and W. Berisford at 149p.

Halliday Simpson bought 2,500 William Reed and Sons on behalf of discretionary investment clients

Hoare Govett bought 25,000 Bibby and Baron (Holdings) at 49p on behalf of Low and Bonar Group.

Sheppards and Chase bought 25,000 Anglo-Continental Investment and Finance at 61p on behalf of an associate of Generale Occidentale.

Gittins and Co. purchased 105,000 shares in Malit Securities for Davis Investments (Jersey) at 22p. This brings the holding of Davis to 423,774 shares (22.85 per cent.).

Greene and Co. bought 5,000 Central Province Tea Holdings at 11½p on behalf of Bandanga Holdings.

PYE/PHILIPS

Pye Holdings has reached agreement with Philips Electronic and Associated Industries to purchase for £214,112 cash a 76 per cent. shareholding in Communications Services which as a result will become a wholly owned subsidiary of Pye.

At the same time Pye has sold to a subsidiary of Philips for £407,265 cash its 24 per cent. holding in Pye Finance which becomes a wholly owned subsidiary of Philips.

Following these transactions Pye will be responsible for the provision of finance for CSL and Philips will continue to provide finance for Pye Finance.

G. R. DAWES

The official documents have been sent to the shareholders of Cole of Bilston and G. and E. Equipment and Contracts concerning the acquisition of the minority interests held in the two groups by G. R. Dawes Holdings.

Dawes has held a two-thirds interest in Cole, a discount warehouse group, since September, 1964, and is offering to purchase the 11,950 £1 shares in Cole for an aggregate consideration of £390,000, payable in cash on completion.

Dawes has agreed to acquire the 138,504 5p shares in GEECO—6.4 per cent. of the capital—for an aggregate consideration of £85,000, also payable in cash on completion.

Aaronson up £0.24m. at midway

TURNOVER FOR the half year to March 31, 1976, of Aaronson Bros. increased from £8.74m. to £10.07m., and pre-tax profit advanced from £0.9m. to £1.14m.

And the directors report that the encouraging trend in profits has continued into the second half. Profit for the year to September 30, 1975, was £1.82m.

The interim dividend is stepped up from 0.5p to 0.55p net per 10p share. Last year's final was 1.10472p.

	Six months 1976 £000	1975 £000	Year 1974-75 £000
Turnover	10,074	8,738	17,766
Profit before tax	1,136	903	1,820
Taxation	565	468	716
Net profit	551	435	1,104
Attributable	492	374	993

Cost of the interim dividend is £106,825 (£97,113).

Due to the level of capital expenditure, the actual tax payable will be considerably lower than that provided, it is stated.

The company manufactures Contiboard, Contiplas, wood veneers, Aroplas, Laconite, Griflinite, Armaflex, Spanboard, etc.

● comment

The main feature of Aaronson's interim report is the one point jump in pre-tax profit margins to 11.3 per cent. Stock profits, apparently, have had little to do with this and the group attributes the margin improvement almost entirely to cost saving benefits from the recent factory move to Devon. This move was part of a 50 per cent. capacity expansion project, which also involved a new plant at Lancashire, and which is expected to show further benefits in the current six months. The market for Aaronson's products is improving at the moment with sales to the DIY and furniture sectors providing most growth. The group appears to be headed towards a full year profit of around £2¼m. and that should cover a maximum dividend, yielding 6 per cent. at 46p, roughly 2.4 times.

Statement Page 16

Midterm rise by Drayton Premier

On gross income up from £1.97m. to £2.03m., pre-tax revenue of Drayton Premier Investment Trust advanced from £1,526,000 to £1,548,000 for the first half of 1976. Tax takes £659,000 compared with £662,000.

The interim dividend is held at 1.4p net per 25p share. Last year's total was 5.4p paid from pre-tax revenue of £3,084,282.

The net asset value per share is shown at 229½p (226p at end 1975).

RACAL

The chairman of Racal Electronics, Mr. Ernest Harrison, told yesterday's annual meeting that 1976-77 "would be another good year." "It will be the best in our 26-year history," Mr. Harrison added.

INTERNATIONAL COMPANY NEWS + EURO MARKETS

Morgan Stanley plans commission discount scheme

BY STEWART FLEMING NEW YORK, August 10.

EVIDENCE of intensifying competitive pressures on Wall Street is emerging with the news that Morgan Stanley, one of the more austere and powerful investment banking houses, is planning a new stock purchasing scheme *offering discounts on brokerage* commissions of between 50 per cent. and 80 per cent.

The bank's proposals, which are expected to come into effect in September, would bring it into the small order institutional share-broking business offering discounted commissions.

A number of special restrictions on the sort of institutional investor who can participate in the scheme suggests that at present the main potential users are commercial banks. Already one major New York City bank, *Bankers Trust, has confirmed* that it is thinking of participating.

The Morgan Stanley system will also be suitable for commercial banks who are getting involved in providing share purchase facilities for private customers in competition with stockbrokers.

The growing involvement of commercial banks in this sort of business is generating intense controversy with the securities industry, fearing that the commercial banks will poach customers and arguing that the commercial banks are at a competitive advantage because of less stringent regulatory restrictions.

The proposed new service being offered by Morgan Stanley is designed to try and enable the investment bank to carve out a bigger share of the small share transactions by institutional investors.

It is restricted to orders of up to 1,000 shares valued at no more than $25,000. Only stocks quoted on the New York Stock Exchange can be dealt in. In addition, institutions using the proposed system must be members of the Depositary Trust Company and its institutional delivery system. The DTC is a book entry clearing house and its members are mainly trust banks at present.

These restrictions on who can participate will allow the bank to keep operational costs down and help to eliminate errors and delivery problems often associated with small trades.

Since May 1, 1975, there has been competition between brokers and broker-dealers in the amount of commission they charge clients. Previously commissions had been fixed and were not negotiable.

On certain transactions it is believed that the proposed Morgan Stanley scheme could result in commissions as low as 8 cents a share on a stock priced at $25. *This is about one fifth* of the commission charged on a similar 500-share trade prior to the introduction of negotiated commissions.

Abercom reassures with healthy profit figures

BY RICHARD ROLFE JOHANNESBURG, August 10.

THE MANUFACTURING and engineering group Abercom has produced good profit figures for the year ended June 30, in its first results since the surprise departure of one of its founders, Mr. Murray McLean, in April.

The figures needed to be good to reassure that all was well with the group and they are. Pre-tax profit is up from R.10.3m. to R13.2m., earnings boosted 7.2c to 59.6c, and the dividend raised from 26c to 29c. As an additional sweetener, the group forecasts 33c for the current financial year as, despite the economic slowdown, "the group is budgeting for further growth."

Whether all this will make much impact on the presently gloom-ridden market, where yields have almost ceased to be an investment criterion, is another matter. However, for the record, Abercom shares are 250c now and so yield 11.6 per cent. on the 1975-76 total dividend and a prospective 13.2 per cent. for 1976-77. In addition, acquisitions have raised net asset value to 273c, in the board's estimation, at June 30, so that the shares stand at a discount for the first time in many years.

The significance of this is that it has eliminated the "McLean" premium which was supposed to represent the founder's managerial skills.

Turnover was pushed from R.78m. to R.109m. for the year, about R13m. of the advance reflecting the two major acquisitions, Hunslet Taylor and L. F. Metter. The rest was spread across the board, but mainly in what might be called the capital goods sector, and with a minimal increase from the depressed building sector.

Share capital rose from 12m. to 13.8m. shares over the year, due to the one-for-ten rights issue and to the share element in the acquisitions.

Abercom spent about R6.2m. on capital account last year, which was more than on acquisitions.

Loss for Air Canada

By Robert Gibbens MONTREAL, August 10.

AIR CANADA, the national airline owned by the Federal Government, posted a first-half loss of $C47.5m. against a loss of $C30.3m. a year earlier on revenues of $C480m. against $C447m. The airline blamed the increased loss on the impact of recent strikes by the Canadian Air Traffic Controllers' Association and the Canadian Airline Pilots' Association, which suspended operations for nine days over a language dispute.

The airline said the disruption cost $C222.5m. in profits. "If this shutdown had been avoided, Air Canada would be in the position of reporting that it had improved the first-half's result by $C5.3m. against the like period last year."

Krupp new orders

Fried. Krupp Huettenwerke said in an interim report that more stable demand for steel in the second quarter of this year meant rebates could be partially reduced, Reuter reports from Bochun. But earnings were still not enough to cover costs, and the company could not break even.

Krupp said the German steel industry hopes the recent production increase by major steel consumers will be extended after the summer holidays to the whole of the investment goods industry. However, an improvement in export demand is also needed if the German steelmakers are to overcome the effects of the recession. Meanwhile, production will have to be held strictly in line with continuing unsatisfactory demand.

Oreal shares rise

Oreal, the French cosmetics group, yesterday reported net consolidated group sales for the first half of 1976 totalling Frs.2.1bn. (£230m.), compared with Frs.1.8bn. for the same period of last year, an increase of nearly 19 per cent., Robert Mauthner writes from Paris.

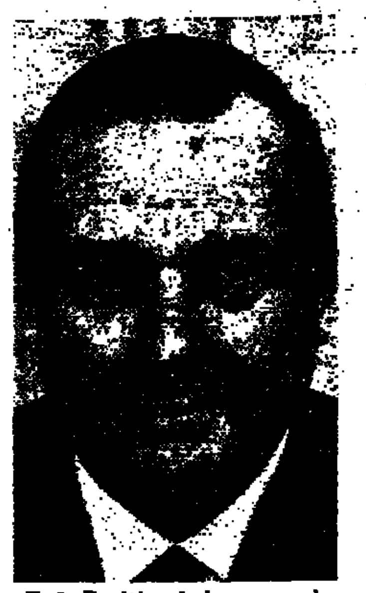
At stable exchange rates, and excluding members of the group which have been incorporated in the consolidated accounts since the last first-half turnover figures were published, the rise in sales was nevertheless nearly 15 per cent.

Textile hopes

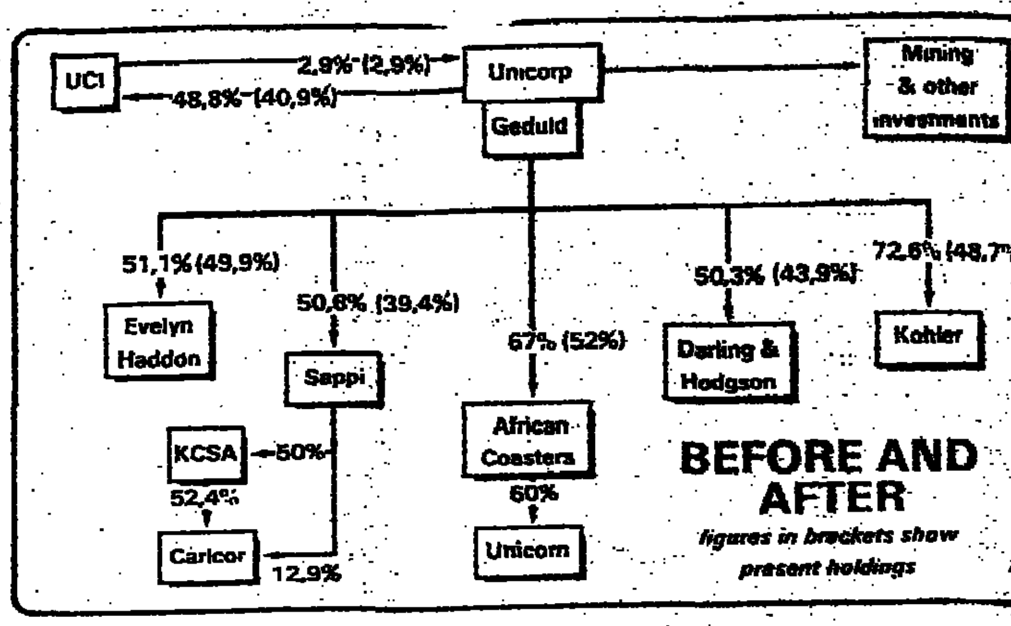
Textile Alliance, the publicly quoted spinning and weaving affiliate of Jardine Matheson, yesterday announced a slightly less gloomy result of its annual efforts, our Hong Kong correspondent writes. The company directors hoped that the company may break even in the current year. The consolidated loss totalled $HK70.6m. ($U.S.14.4m.) for the year ending March 31, compared with a loss of $HK215.5m. for the previous year.

Strategic guidelines at Union Corpn.

BY RICHARD ROLFE JOHANNESBURG, August 10.



Ted Pavitt—chairman and managing director.



UNION CORPORATION'S attempt to rationalise its industrial interests *via a bid for the* shares it does not already own in Geduld Investments has run into strong criticism in Johannesburg and a revised offer seems likely, to satisfy outside shareholders.

The bid is so crucial to Union Corporation's industrial strategy that it cannot risk failure. The present proposal of a one-for-one swap of Union Corporation shares for Geduld, which values Geduld at 400c (compared with 595c assets value at June 30), may well be raised by about 100c per Geduld share, either by throwing in some cash or by raising the terms to five-for-four.

Rationalisation

At the heart of the deal is Union Corporation's need to rationalise its widespread industrial interests, mainly concentrating on pulp, paper through Sappi and various downstream activities like tissues and household papers (Carlton paper) and *corrugated containers (Kohler Bros).*

As an order of magnitude, sales by these three companies are running at about R200m. and their combined profits at nearly R30m. pre-tax in their last full years.

In addition, Union Corporation will succeed, if it acquires Geduld, in consolidating its construction arm, Darling and Hodgson and will increase its shipping interests, African Coasters and Unicorn. Geduld is therefore the key to maximising Union Corporation's return from the industrial companies it has been quietly accumulating and as a result to reducing its present dependence on gold. Last year, dividend income from its seven operating gold mines and from other gold investments amounted to 53 per cent. of its R32.6m. total.

Where Geduld becomes crucial is that it holds 726,000 Sappi shares, 313,000 Kohlers, 988,000 Darling and Hodgson and just over 1m. shares in Union Corporation itself.

These shareholdings added in the case of Sappi to some 2m. Sappi shares Union Corporation recently acquired, will allow consolidation of the industrial interests to be effected. The impact on Union Corporation will then be considerable. The Board has said that had the transactions now proposed been reflected in the financial statements of Union Corporation for the year ended December 31, 1975 earnings would have been higher by R11.8m., or 16.7c per share to make 76.7c per share, while asset value would have been 30c higher at 750c.

The other attractive aspect for Union Corporation is that it is acquiring assets, in the form of Geduld's broadly-based industrial portfolio, for its own paper. Furthermore it will increase its issued share capital only from 58.1m. to 60.9m. shares, because it is paying the Geduld outside shareholders partially in Union Corporation shares their company already owns.

In addition, while normal acquisitions involve to some extent a step into the unknown, *in this case Union Corporation is* acquiring assets it already controls and avoiding any additional burden on management.

Independent calculations have suggested that should Geduld remain as it is, its dividend, currently 40 cents, could at least be maintained this year while, lacking Union Corporation's exposure to gold, its base metal and industrial shareholdings could enable it to increase its dividend payments in 1977, particularly if Union Corporation follows a policy of squeezing maximum payments out of its associates. This it is argued is a reason why Geduld shareholders have nothing to lose from remaining independent.

Almost certainly the proposed *deal is the forerunner to some* future rationalisation of the Union Corporation and General Mining industrial interests, General Mining having raised its direct and indirect stake in Union Corporation to 50.1 per cent.

General Mining's direct involvement in the Geduld deal is that it is swapping its Kohler shareholding with Geduld for *further Union Corporation* shares. But its own industrial side runs through food, shipping, petroleum, engineering and the building industry and other points of contact are evident.

General Mining itself has paid dearly for Union Corporation and it may not be averse to acquiring control of Geduld on the cheap. General Mining borrowed $85m. to fund its original purchases of Union Corporation and at end-1974 its accounts recorded that it owed R86.4m. at the then rand-dollar parity. Allowing for the fact that repayment of the loan would have to be made either from sales of offshore assets or via the securities rand market.

Debt reduction

During 1975, General Mining reduced its debt by about $7m. (though repayments proper do not begin until end-1977) and so it owed R75.5m. at end-1975, allowing for the 11 per cent. securities Rand discount at the time and for the Rand devaluation last September.

But the Securities Rand discount in the aftermath of the township riots and the we… gold price has widened to 42 p… cent. So General Minings' pr… sent liability could be as high… R95m., less any repayments… has made since the beginning… 1976.

In addition, it increased… issued share capital from 5.8… to 8.2m. shares by the issue… 2.4m. shares to its pare… Federale Mynbou, in return… the Federale holding of 12.… Union Corporation shares… acquired this May. These we… acquired from the legenda… "mystery buyer" who surfac… towards the end of the bid bat… in 1974.

Sooner or later Feder… Mynbou, which is little mo… than a name-plate compa… holding directly and indirec… 63 per cent. of General Mini… will probably merge w… General Mining, if only so th… its large cash holdings can… applied to reducing Gene… Mining's debt. But in the mea… time, the emphasis is… rationalisation of the group's… terests and the Geduld deal… the first major crack of the wi…

Novel proposal from Fielding may foil Aquila

BY JAMES FORTH SYDNEY, August 10.

J. FIELDING and Co., packaging and investment group, to-day unveiled a novel proposal aimed at defeating a $A19.5m. takeover bid from Aquila Consolidated—a consortium headed by Aquila Steel.

The proposal involves a reconstruction of Fielding, or a scheme of arrangement, under which a new holding company will be formed. This new company will issue shares equivalent to the capital of the existing company, along with an unsecured note redeemable in December 1977. *The ultimate effect of the moves* is to return almost $A10.3m. to existing Fielding shareholders, without attracting tax.

The scheme will also enable Fielding to distribute more than twice the existing capital of $A4.1m. With a straight capital return, under the Companies Act, Fielding would have been unable to return more than the paid capital.

Fielding's advisers have been working on the proposals since Aquila first launched the offer early in June. They had to avoid difficulties both with the Income Tax Assessment Act and the Companies Act. Several companies have run into problems in the past with the Taxation Commissioner over capital return schemes. These have usually involved the issue of free, or bonus, shares, sometimes including the creation of a new class of shares and repayment of one class. But the commissioner has ruled these "redeemable" shares and taxed the payment in shareholders' hands.

Shareholders of two large Melbourne companies — newspaper and publishing group Herald and *Weekly Times and* food group Henry Jones (IXL), are currently faced with this problem. Both companies believe their schemes should not be taxed.

Fielding, however, has apparently had its proposal approved in writing by the tax department. Unlike many other plans, it does not create shares in the same company but is forming a new company—J. Fielding Holdings. The holding company will issue two 50 cent shares in place of the existing $A1.00 shares in J. Fielding and a $A2.50 unsecured 11 per cent. note which is redeemable in December 1977, plus 27.5 cents a note in interest. The note is important to the scheme as Fielding advisers felt a straight cash payment could have created tax problems.

Fielding intends to sell a substantial part of its investment share portfolio and some properties to enable the repayment next year. Fielding has maintained *all* along that this is exactly what Aquila intended to do.

Albright to spend £2.3m.

FINANCIAL TIMES REPORTER

ALBRIGHT AND WILSON is to invest a further £2.3m. on the expansion of its woodpulp bleaching business in Canada.

The group is to increase the sodium chlorate production capacity at the Buckingham, Quebec, plant of its Canadian subsidiary ERCO Industries.

The project is the largest item in the company's sodium chlorate investment programme over the past three years, which has included previous expenditure of nearly £5m. on a series of additional plants in eastern and western Canada.

Sodium chlorate is an important pulp-bleaching raw material. The new investment is designed to meet the growing demand of the Canadian and U.S. pulp and paper industries, now recovering sharply after last year's depressed levels.

The expansion is planned for *completion by early 1978.* It will increase sodium chlorate capacity at Buckingham to nearly 77,000 tons a year. Total capacity of Albright and Wilson's Canadian operations will exceed 125,000 tons a year.

ERCO Envirotech, in which Albright and Wilson (through ERCO) has a 50 per cent. stake, was recently awarded a contract by Great Lakes Paper to install the world's first effluent-free pulp bleaching system in a mill being constructed at Thunder Bay, Ontario.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan 9½pc 1988	103	103½
Aquitaine 10pc 1985	104½	105½
Bowater 9½pc 1986	101½	102
Caisse National Autoroute 9pc 1986	100	100½
C.N.E. 9½pc 1983	101	101½
E.C.S. 9½pc 1986	101½	102
E.I.B. 9½pc 1985	103½	104
Brap 9½pc 1985	102½	103½
Esso 8pc 1986 Nov.	100½	101½
Eurofima 8½pc 1983	100½	101
Granges 9½pc 1985	102	102½
I.S.E. Canada 9½pc 1986	102½	103½
Massey Ferguson 9½pc 1991	102	102½
Michelin 9½pc 1986	100½	101½
Modo 9½pc 1983	102½	103½
National Westminster 9pc 1986	99½	100½
Norpipe 8½pc 1986	101½	102
Norsk Hydro 9½pc 1986	102½	103½
Oslo 9pc 1988	100½	101½
Pacific Light 9pc 1988	95½	96½
Prov. Quebec 9pc 1984	100½	101½
Sandvik 9½pc 1986	101½	102½
Scanraff 8½pc 1989	99½	100½
S.F.E. 9pc 1983	100½	101½
Shell 9pc 1986	100½	101½
Standard Oil (Ind.) 8½pc '88	103½	104
Svenska Handels 9½pc 1986	101½	102½
Volvo 9½pc 1985	103½	104
NOTES		
Bank of Tokyo 8½pc 1981	100½	101½
Barclays 9½pc 1982	103½	104
British Gas 9pc 1981	100	100½
Charbonnages France 8½pc 1981	100	100½
Denmark Mort Bk. 9pc 1983	101½	102
E.C.S. 8½pc 1981	101	101½
E.E.C 8½pc 1982	97½	98
Montreal Urban 8½pc 1981	97½	98
Nacional Financiera 10pc 1981	103½	104
National Coal Board 8½pc 1981	98½	99
New Brunswick Prov. 8½pc 1983	101½	102

CONVERTIBLES	Bid	Offer
Seagram 9pc 1983	102½	103½
Source: White Weld Securities, London.		
American Express 4½pc '87	83	85
Ashland 5pc 1988	83	85
Beatrice Foods 4½pc 1992	98	100
Beatrice Foods 4½pc 1992	116	118
Borden 5pc 1992	97½	99½
Broadway Hale 4½pc 1987	77	79
Canon Camera 7½pc 1989	144	146
Carnation 4pc 1987	83	85
Chevron 5pc 1988	117	119
Dart 4½pc 1987	79½	81½
Eastman Kodak 4½pc 1988	111½	113½
Economic Labs. 4½pc 1987	73	75
Fed. Dept. Stores 4½pc '85	107	109
Firestone 5pc 1988	88½	90½
Ford 6pc 1986	97½	99½
Ford 5pc 1988	87	89
General Electric 4½pc 1987	84	86
Gillette 4½pc 1987	74½	76½
Gould 5pc 1987	100	102
Gulf and Western 5pc 1988	98½	100½
Harris 5pc 1992	92	94
Honeywell 6pc 1986	84	86
ITT 4½pc 1987	75	77
Komatsu 7½pc 1990	106½	108
J. Ray McDermott 4½pc '87	140½	142½
Mitsubishi Elec. 7½pc 1991	104	105½
Mitsui 7½pc 1990	103½	105
J. P. Morgan 4½pc 1987	109½	111½
Nabisco 5½pc 1988	93	95
Owens Illinois 4½pc 1987	99	101
J. C. Penney 4½pc 1987	79½	80½
Pioneer 6½pc 1989	309	313
Raymond 8½pc 1983	98½	100½
Revlon 4½pc 1987	109	111
Reynolds Metals 5pc 1988	90	92
Sperry Rand 4½pc 1987	98	100
Squibb 4½pc 1987	76½	78½
Texaco 4½pc 1988	77	79
Toshiba 6½pc 1990	107½	109
Union Carbide 4½pc 1982	113½	115½
Warner Lambert 4½pc 1987	90½	92½
Warner Lambert 4½pc 1988	89	92
Xerox 5pc 1988	76½	78½
Source: Kidder, Peabody Securities.		

More Zaire creditor banks to follow Citibank

BY MARY CAMPBELL

OTHER banks which have arranged loans for Zaire are considering whether to follow Citibank's lead in launching legal action against the U.S. Eximbank over its plans for a $34.3m. loan to finance the Inga-Shaba dam project it was learned yesterday. No action has been taken as yet however.

The factors which are being taken into account in analysis of whether to take such action or not would include the effect it might be expected to have on plans for a meeting in London on September 2 between senior officials of the Zaire Government and its commercial bank creditors.

It is understood that while banks have had considerable difficulty in the past in establishing meaningful communications with Zaire to discuss the problems which have arisen over repayment of its external debt, the Zaire Government has now agreed to send a representative with power to negotiate to the London meeting.

It is suggested that this might be the Governor of the central bank.

Zaire's agreement to the meet*ing was in answer to an invita*tion sent by a group of ten banks, international banking sources said yesterday. The nine banks, all agents (or member… banking groups which inclu… agents) for syndicated loans… Zaire, are reported to be… following: Bankers Trust, … bank, Citicorp, Credit Co… mercial de France, Grind… Brandts, Morgan Grenf… Morgan Guaranty, Soci… Générale de Banque, Tokai Ba… and Banque Belgo-Zairoise.

The overall volume of lo… for the Zaire Republic … guaranteed by the Republ… which have been syndica… among international banks… reported to be in the region… $800m., one of the banks c… cerned in sending the invitati… said yesterday. It would app… that the loans syndicated by … nine agent banks would accou… for the bulk of this. Zaire is s… to have been in arrears in p… ments due on all this debt … periods ranging up to… months.

The purpose of the meeti… to discuss the amounts and … maturities of the outstand… loans and to reach at least … liminary agreement on how … problem of the overdue deb… to be resolved.

The banks are likely to … preliminary agreement … stretching maturities of … loans and on conversion of ov… due interest payments i… principal.

Buoyancy of Swiss franc affects Zurich Ins.

By Eric Short

The relative strength of the Swiss currency in 1975 resulted *in gross premium income from* general insurance business of the Zurich Insurance Company, as expressed in Swiss francs, falling by 1.9 per cent. to Sw.Frs. 3.76bn., even though in local currency terms it rose by 8.6 per cent.

Gross life insurance premiums, however, increased by 10.4 per cent. to Sw.Frs.933m. The profit of the parent company rose by over Sw.Frs.3m. to Sw.Frs.38.2m., due mainly to a 10 per cent. jump in investment income to Sw.Frs.243m.

The group, reported that it adopted a flexible investment policy last year in order to take advantage of changing economic conditions in most countries which resulted in lower interest rates and improved stock market values. It had concentrated on the acquisition of fixed interest securities holdings which were increased by Sw.Frs.396m.

In the underwriting field, … Swiss business recorded a l… *in 1975 following a profit in* … previous year. A substant… part of this loss came fr… motor third party liability… surance with the cost per cla… rising rapidly. Business in … U.S. resulted in underwrit… losses, but the strong reme… action taken kept the los… below the previous year's le… Business in the U.K. showe… slight improvement.

The dividend per share… kept at Sw.Frs.200 gross—Sw.F… 130 net after 35 per cent. wi… *holding tax—the same as in 19…* After a transfer to special … serve fund of Sw.Frs.10m. … balance carried forwa… amounted to Sw.Frs.4.26… against Sw.Frs.3.17m. previous…

The share capital of the co… pany was increased to Sw.F… 73.2m. after a one for five rig… issue at Sw.Frs. 1,000 per Sw.F… 500 nominal value.

Profitability improves sharply at ASEA

BY JOHN WALKER STOCKHOLM, August 10.

ASEA, the Swedish electrical engineering group, has improved its profitability during the first six months of this year according to the concern's six month interim report.

Group pretax profit rose by 40 per cent. to Kr.270m. compared with Kr.197m. during the first half of last year and Kr.726m. for the whole of 1975.

Group sales rose by 5 per cent. during the first half of this year to Kr.3.4bn. compared with Kr.3.2bn. for the same period in 1975. It is expected that sales will increase sharply in the second half of this year, the report states.

The intake of new orders during the first half of this year amounted to Kr.5.2bn., an i… crease of 50 per cent. over th… corresponding period in 197… The bulk of the increase—abou… Kr.1.6bn.—is in the nucle… power field. Orders outside th… sector rose by 4 per cent. t… Kr.3.5bn. The order backlog a… the end of the first half of thi… year rose by Kr.2.3bn. t… Kr.15.4bn.

In the industrial sector order… increased from Kr.375m. t… Kr.525m., equal to 40 per cen… of the Swedish market. The de… mand for heavy investment ha… diminished, but this has bee… compensated for by increase… sales of smaller equipment… Orders from Swedish customer… have declined but orders fro… abroad have doubled.

هكذا من الأصل

Securicor up 23% so far

THE half-year to March 28, pre-tax profit of Securicor p was up 23 per cent. to a rd £1.56m. against £1.27m., on over of £37m. (£28m.). The rity division contributed m. and the finance division 000.

e interim dividends are 445p (0.241371p) for the p and 0.597216p (0.542921p) its 52 per cent-owned listed diary, Security Services. Earn- per 25p share rose from to 3.1p and from 3p to 3.6p ectively.

e chairman, Mr. Peter Smith, that excluding the element butable to price increases, the nce in turnover is again about er cent. This increase and improvement in pre-tax profit rms the forecast made at the of the last financial year that ricor would re-establish its rn of growth both in turn- and profitability, he tells bers.

mand for services remains ant and the chairman expects second half to reflect con- d growth. Statutory restraint ices is the major factor which introduces modest periodic ation in profit margins but directors anticipate continuing licy of paying the maximum itted dividend.

st year's dividend totals were 1 to 1.020121p for the group 1.618621p for Security Ser- Pre-tax profits were £2.75m. £2.34m.

SECURICOR GROUP	First half 1975-76 £000	1974-75 £000
Group turnover	37,128	28,135
Profit before tax	1,557	1,268
Security	1,267	990
Finance	290	278
Tax	902	714
Net profit	655	554
Outside holders	271	226
Leaving	384	328
Pref. div.	6	6
Interim Ord.	26	25

SECURITY SERVICES	First half 1975-76 £000	1974-75 £000
Group turnover	36,967	28,029
Profit before tax	1,348	1,032
Security	1,267	990
Finance	81	42
Tax	709	614
Net profit	639	418
Interim dividend	91	83

● comment

Security is still a growth industry. Turnover of the Securicor Group rose 32 per cent. in the first half to double the level of three years ago. However, the glamour rating of the shares has been tarnished to such a degree that the "A" shares stand at less than a quarter of the high of that same year. The reason lies partly in the slow-down of profits growth over the past few years. Profits have been depressed because of start-up losses in some European branches plus the heavy investment in property—the value of property exceeded shareholders' funds in the last balance sheet; but these factors should lead to renewed growth in the medium-term. The shares have also been restrained by the low yield and the four different denominations of shares. The price range now is from 59p for Security Services Ordinary (where the maximum yield is 4.7 per cent.) to 44p for the Securicor Group "A" shares (where the maximum yield is 4 per cent.) which makes the argument for rationalising the share structure stronger than before.

Statement Page 16

Rea Bros. midterm growth

The directors of bankers Rea Brothers report that results for the half year to June 30, 1976 are somewhat higher than those for the first six months of the previous year.

For the year 1975 net profit, after tax, was up from £417,000 to £422,000.

The interim dividend is effectively raised from 0.5833p to 0.65p net per 25p share. Last year's total was equal to approximately 1.3436p.

Optimism at Wheeler's Restaurants

AT PRESENT the business of Wheeler's Restaurants is expanding both in terms of turnover and the number of people served, says the chairman, Mr. B. Walsh.

This, together with increased efficiency makes the directors cautiously optimistic about the current year, he adds.

The directors continue to look for premises for further expansion.

As reported on July 25, group pre-tax profit increased from £303,163 to £372,334 on a turnover up from £2.8m. to £3.36m. in the year to March 31, 1976.

An analysis of sales and trading profit shows restaurants £3,201,230 (£2,673,258) and £334,443 (£266,915); retail fishmongers £135,884 (£103,586) and £8,233 (£12,263); supply and service £20,839 (£19,580) and £1,911 (£3,897).

Meeting, Alcove Restaurant, 17, High Street, Kensington, September 1, at 3 p.m.

British Cotton & Wool encouraged

The chairman of British Cotton and Wool Dyers Association, Mr. G. H. Lowe says that, while he is reluctant to estimate earnings for the current year, after four months trading, profits are ahead of budgets and immediate prospects are encouraging, the Board proposes to change the title of the company to Cawdaw Industrial Holdings.

As reported on July 1 there was a turnround from a loss of £69,482 to a profit of £313,210 in the year to March 31.

The chairman attributes much of the success to the denim craze. Commission dyeing of indigo yarns contributed very substantially towards the turnover and profit of the textile division he explains, the company being one of only two indigo dyers in this country equipped to dye the warps used for the denim trade.

To meet continued high demand for indigo-dyed yarns a new range of dyeing machines has been manufactured and installed and further development is being considered.

Chairman's statement Page 17

G. STURLA ACCOUNTS DELAYED

Accounts for the year to Jan. 31, 1976 of George Sturla and Son have been delayed but the directors expect to publish early in October.

The delay is mainly due to technical and administrative problems flowing from the major acquisitons of consumer finance business and the disposal of fixed assets during that year, they say.

DINKIE HEEL DOWN MIDWAY

Including interest received of £7,958, compared with £9,253, profit before tax of Dinkie Heel Company dropped from £98,270 to £71,258 in the first half of 1976.

The net interim dividend per 5p share is up from 0.3p to 0.34p—last year's total was 0.64p from profits of £158,806.

The company makes safety toe caps for protective footwear, and other components for the shoe repair trade and motor repair trade.

'Excellent' prospects for ATV

LORD GRADE, chairman of Associated Television Corporation confidently regards the company's present position and its prospects as excellent.

The year to March 31, 1976, was a good one—pre-tax profit was £6.63m. against £5.75m. for 53 weeks—and the foundations have been laid for an "even better one to come," he declares.

The advance in profit is attributable to the greatly improved results achieved by the film division and to the economic recovery which has taken place within independent television.

Moreover, in a year in which there has been a temporary setback in the profitability of the records and tapes division, the policy of diversification within the group has once more fully justified itself, says Lord Grade.

On the film side, he says the most important recent development was the formation of a new Anglo-American company, Associated General Films, which will serve to consolidate ATV's position as a major force in the international film industry. Profits from investment in a greatly expanded programme of film production — £1,139,000 against £337,000 — exceeded expectations and Lord Grade confirms that really substantial earnings will accrue this year.

Despite the generally poor trading conditions in the records market, Pye Records group finished the year in spectacular style by winning the Eurovision Song Contest with the entry, Save Your Kisses For Me. Precision Tapes has now been integrated into the main records group.

Music publishing continues to be a major contributor to earnings and there is every reason to believe that the current year will show still further improvement.

On property, the chairman reports that Bentray Investments now owns some 1.8m. sq. ft. of lettable space. The most conspicuous piece of new development is the 27-storey tower block in central Birmingham and 24 floors have already been let. On March 31, 1976 the group acquired the freehold of the Theatre Royal Drury Lane for £265,000.

Ansafone now has a larger list of outstanding orders for equipment than at any time in its history and, the chairman says, export orders are excellent.

Directors emoluments include £5,000 compensation for loss of office.

Net liquid funds were reduced by £3.01m. (£9.42m.). Capital commitments were up from £0.5m. to £1.05m.

Subsidiaries of Reed International hold 29.6 per cent. of the voting shares and International Publishing Corporation has an interest in 21.2 per cent. of the "A" Ordinary.

An analysis of turnover and profit is shown in the table.

	1975-76 £000	1974-75 £000
Television turnover	30,649	26,604
Film production, etc.	10,628	7,076
Theatres	3,341	2,992
Records and tapes	11,525	11,661
Music publishing	4,258	3,603
Property	2,367	2,214
Telephone answering m/cs	5,105	3,836
Other activities	2,953	2,987
Finance, etc. charges	38	37
Less inter-group charges	2,077	2,054
Net turnover	69,215	60,956
Television profit	2,420	1,677
Film production, etc.	1,139	337
Theatres	310	435
Records and tapes	917	2,003
Music publishing	1,762	1,552
Property	1,853	1,778
Telephone answering m/cs	368	468
Other activities	151	*35
Finance, etc. charges	2,494	2,431
Total profit	6,626	5,746

* Loss.

Meeting, 17 Great Cumberland Place, W., September 9 at noon.

Horace Cory first half record

A recovery from the recession which hit many of the customers supplied by Horace Cory and Company resulted in records in sales, up from £669,170 to £721,836, and pre-tax profit of £170,000 (£113,000) for the first half of 1976. Tax absorbs £88,000 (£59,000).

If this improvement in demand continues the directors have every hope that 1976 will again prove to be a record year, it is stated. Profit for 1975 was £226,000.

The interim dividend is effectively raised from 0.1732p to 0.2p net per 5p share. Last year's total was equal to 0.56032p.

The company manufactures chemical colour.

Squirrel Horn advance

CONFECTIONERY MAKERS, Squirrel Horn reports pre-tax profits up from £191,418 to £234,374 in the first six months of 1976. Pre-tax profit last year totalled £382,072.

To reduce disparity the net interim dividend is effectively raised from 0.38385p to 0.5p—the previous total was equal to 1.26323p.

The first half profit is after depreciation of £26,199 (£23,973) and is subject to tax of £122,000 against £108,000.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Index rallies 9 on bargain hunting

BY OUR WALL STREET CORRESPONDENT

NEW YORK, August 10.

A FAIRLY STRONG rally developed on Wall Street to-day, following some bargain hunting after three consecutive market declines.

The Dow Jones Industrial Average climbed 9.97 to 993.43 and the NYSE All Common Index regained 46 cents to $55.76, while rises led falls by 906 to 493. Trading volume sharply expanded by 4.99m. shares to 16.69m.

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Coca Cola Bottling...	292,100	7½	+ ½
Dow Chemical	250,200	44½	+ ½
Continental Oil	221,200	30½	+ ½
Xerox	183,300	65	+1½
Fed. Nat. Mort. ...	188,700	15	+ ½
Amer. Tel. Tel. ...	157,000	59½	+ ½
Exxon	144,000	53½	—
Minn. Minc. & Mfg.	143,000	61½	+2½
Reynolds Metals ...	131,900	41½	+1½
Walt Disney	130,600	50½	+ ½

Apart from bargain hunting, analysts could find no special reason to account for the rally.

In the news background, the U.S. Commerce Department reported late in the session that Retail Sales in July fell 1.2 per cent. from June's downward-revised figure. However, market analysts had been expecting a slight downturn because many retailers, nervous about a tightening in consumer spending, held "sales" in June.

Analysts also cited talk in Wall Street of the possibility of a coming capital spending boom and to anticipation of a favourable Wholesale Price report from Washington on Thursday.

Among "glamour" stocks benefiting from a Press report on earnings price-multiples were Xerox up $1 at $64⅞, IBM up $3⅛ at $278½, Fairchild Camera up $1⅜ at $48½, Texas Instruments up $1⅛ at $118¾, and Digital Equipment up $3½ at $170.

Among Blue Chips, Minnesota Mining rose $2½ to $61⅞, Dupont $1½ to $137⅞, Eastman Kodak $2½ to $97½ and Procter and Gamble $1 to $93⅞.

Capital Mortgage Investments firmed $ ½ to $1½ in active trading after reporting a second-quarter profit of $718,747 in contrast to a year earlier loss of more than $14m.

Loews put on $⅞ to $27½ on higher second-quarter earnings, while J. Ray McDermott moved up $1½ to $48⅞ on first-quarter earnings more than doubled.

Commonwealth Oil Refining shed $½ to $10½—second quarter net income fell sharply.

Heavily traded Coco-Cola Bottling of New York added $½ at $7½, Travelers $1¼ at $36, and Aetna Life and Casualty $1½ at $31½.

Heublein rose $1 to $50¼, Hughes Tool $1⅞ to $49⅞ and Reynolds Metals $1⅞ to $41⅞.

Norton Simon picked up $½ to $20⅞ after higher profits.

Chemicals strengthened, while Steels and Motors generally scored small gains.

The American S.E. Market Value Index moved up 0.63 to 103.86 while advances led declines by 339 to 253.

Aiken Industries jumped $2½ to $6—Norlin, which owns about 75 per cent. of Aiken, will tender for the remaining shares.

Kewanee Industries added $1⅞ at $25⅜ and Syntex were up $½ to $28¼.

OTHER MARKETS

Canada again mixed

Canadian Stock Markets remained mixed in light trading yesterday.

The Industrial Share Index rose 0.49 to 189.15. Golds put on 0.71 to 231.69, Western Oils gained 1.81 to 226.86 and Utilities firmed 0.12 to 144.57. But Base Metals shed 0.16 to 92.05, Banks fell 3.10 to 249.84 and Papers eased 0.03 to 120.24.

Toronto Dominion Bank dipped $⅛ to $19⅛, Canadian Imperial $⅛ to $26⅞ and Mercantile $½ to $17⅞.

Alcan Aluminium gained $⅜ to $28¼—principal unit Aluminum Co of Canada raised its export price for primary Aluminum ingot.

Canadian International Power "A" put on $⅛ to $15⅜ and Canadian Tire "A" $1¼ to $45¼.

Leading Oils higher. Dome Petroleum gained $⅞ to $41¼ and Pacific Petroleum added $⅞ at $28½.

PARIS—French shares finished narrowly mixed in another quiet session, reflecting the return to stability of the franc on the Foreign Exchange Market.

Banks, Motors, Metals, Electricals and Textiles were mostly weaker, but Portfolios, Rubbers, Stores, Chemicals and Transportations generally improved.

Foreign issues were mainly lower, with Americans led downwards by General Motors and Ford. Canadians were easier but International Oils were marginally higher. Gold Mines gained ground, despite some weakness in Western Holdings.

BRUSSELS—Narrowly mixed in extremely slow trading.

Electricals and Metals improved a little. Intercom gained Frs.10 to 1,565 and Hoboken Frs.25 to 3,925.

Chemicals were steady, while Holdings and Oils declined. Société Générale lost Frs.25 to 2,255 and Petrofina Frs.5 to 4,960.

Zaire Copper Mines improved. Union Miniere rose Frs.12 to 1,214.

Dutch, German and French issues were little changed. South African Gold Mines continued to improve after a poor performance last week. President Stein rose Frs.9 to 294 and Vaal Reefs gained Frs.16 to 498.

U.S. shares were mixed to marginally lower. ITT shed Frs.6 to 1,226 and General Motors Frs.15 to 2,745. But IBM rose Frs.25 to 10,950.

OSLO—Banks and Insurances were quiet, while Industrials and Shippings were steady.

VIENNA—Easier with buying interest rather limtied. Industrial leaders were little changed.

COPENHAGEN—Higher in fair dealings. Banks, Communications and Insurances were all higher, while Shippings generally little changed.

MILAN—Stocks fell in thin featureless trading. Leading Industrials and Financials all lost ground, while only a few Utilities and Foods were slightly higher.

Bonds were quietly mixed.

HONG KONG—Prices fell in quiet trading, with Blue Chips leading the decline.

Hong Kong Bank dropped 20 cents to $HK18.50, Jardine Matheson fell 30 cents to $HK20.00 and Hutchison shed 5 cents to $HK3.05.

TOKYO—Firm in active trading with renewed buying of leading issues and incentive-backed shares, despite political uncertainties related to the Lockheed case. Volume 240m. (130m.) shares.

Motors, Car Parts, Electricals and Machineries led the gains.

Matsushita Electric rose Y15 to 675, Honda Y14 to 721, Toyota Y56 to 916 and Toyo Radiator Y30 to 403.

JOHANNESBURG—Gold shares moved off the bottom following a slightly higher bullion price, although trading was still extremely quiet.

Financial Minings followed a similar trend. Coppers tended to bottom out during the afternoon.

Collieries were generally lower, while major Industrials were little changed amid general lack of interest.

AUSTRALIA — Generally firmer, with leading Industrials and Minings meeting late demand.

Woodside Burmah rose 2 cents to $A1.08 while BHP gained another 8 cents to $A8.64.

But Pancontinental were 20 cents lower at $A14.00.

Myers Emporium put on 4 cents to $A2.52.

Bank of New South Wales were 4 cents higher at $A5.84.

Brewers were well supported, with Cub gaining 2 cents.

CSR were in demand and moved up 6 cents to $A5.24.

Indices

NEW YORK —DOW JONES

	Aug. 10	Aug. 9	Aug. 6	Aug. 5	Aug. 4	Aug. 3	1976 High	1976 Low	Since compilation High	Since compilation Low
Industrial...	993.43	983.46	986.00	988.68	982.26	990.53	1,011.21 (12/7)	858.71 (2/1)	1051.70 (11/1/73)	41.22 (8/7/32)
HomeB'nds*	87.68	87.51	87.45	87.39	87.53	87.16	87.65 (11/8)	85.68 (13/7)	—	—
Transport...	222.93	221.79	222.52	222.95	225.82	222.68	231.27 (14/7)	175.69 (2/1)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities.....	93.40	93.27	93.56	93.08	93.40	92.89	93.56 (6/8)	84.8 (26/5)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol. 000's	16,680	14,930	15,950	15,630	20,660	19,600	—	—	—	—

* Basis of index changed from July 1.

	Aug. 6	July 30	July 23	Year ago (approx.)
Ind. div. yield %	3.83	3.83	3.84	4.75

STANDARD AND POORS

	Aug. 10	Aug. 9	Aug. 6	Aug. 5	Aug. 4	Aug. 3	1976 High	1976 Low	Since compilat'n High	Since compilat'n Low
*Industrials	116.94	115.87	116.20	116.28	117.01	116.66	119.02 (14/7)	101.64 (2/1)	134.64 (11/1/73)	3.52 (30/6/32)
†Composite	104.41	103.49	103.79	103.86	104.43	104.14	105.95 (14/7)	90.90 (2/1)	120.24 (11/1/73)	4.40 (1/6/32)

	Aug. 5	July 28	July 21	Year ago (approx)
Ind. div. yield %	3.46	3.47	3.38	3.94
Ind. P/E Ratio	12.83	12.67	12.77	10.53
Long Govt. Bond yield	5.43	5.57	5.58	5.68

N.Y. S.E. ALL COMMON.

Aug. 10	Aug. 9	Aug. 6	Aug. 5	1976 High	1976 Low
55.78	55.30	55.46	55.50	58.54 (12/7/76)	57.06 (2/1/76)

Rises and Falls	Aug. 10
Issues Traded—1,877	Up—906
Down—493	Same—478
New Highs 57	New Lows 12

	Aug. 10	Aug. 9	Aug. 6	Aug. 5	1976 High	1976 Low
MONTREAL Industrial	194.54	194.47	194.32	194.51	207.55 (19/5)	176.82 (2/1)
MONTREAL Combined	190.66	190.39	191.17	190.24	199.78 (20/5)	175.67 (2/1)
TORONTO Industrial	189.15	188.66	189.30	188.15	197.45 (20/2)	175.01 (2/1)
JOHANNESBURG Gold	154.3	156.4	156.3	161.1	226.7 (12/3)	134.3 (10/5)
JOHANNESBURG Industrials	190.3	191.1	191.8	194.2	215.0 (21/5)	190.3 (10/8)

	Aug. 10	Pre-vious	1976 High	1976 Low
Australia (a)	506.71	503.98	506.81 (30/7)	445.32 (5/1)
Belgium (b)	98.84	99.03	113.18 (5/2)	97.65 (2/6)
Denmark (d)	116.26	116.19	116.26 (10/8)	100.20 (10/3)
France (e)	63.1	63.2	74.5 (3/3)	62.1 (26/7)
Germany (f)	728.9	727.6	821.7 (17/3)	727.6 (9/8)
Holland (g)	91.2	91.3	105.3 (5/2)	89.8 (29/6)
Hongkong (h)	400.82	403.93	465.35 (17/3)	364.05 (2/1)
Italy (k)	84.34	84.61	91.57 (23/2)	72.20 (4/5)
Japan‡ (m)	355.90	353.91	367.98 (30/6)	326.28 (6/1)
Singapore (n)	255.49	256.43	286.16 (3/2)	236.35 (2/1)
Spain (p)	84.26	—	100.79 (7/5)	83.45 (1/4)
Sweden (c)	466.90	466.37	476.36 (10/6)	395.56 (13/1)
Switz'rl'd (r)	280.1	278.7	298.6 (12/3)	275.5 (4/6)

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (c) Closed.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £1—99½% (97¼%)

NEW YORK

Stock	Aug. 10	Aug. 9
Abbot Labs......	46⅞	46⅝
Addressograph ...	9⅞	9¾
Corning Glass......	79¾	79
CPC Int'nation'l..	48	47⅝
Crane......	31⅞	31¾
Crocker Nat......	25¼	25
Johns Manville..	28¾	29½
Johnson Johnson	87⅝	86⅞
Johnson Control	21½	21½
Joy Manufactur'g	46¾	46
Republic Steel...	37	37
Revlon......	67	66⅝
Reynolds Metals.	41⅝	39⅞
Reynolds R. J. ...	58⅞	58⅝
Xerox......	64⅞	63¾
Zapata......	14⅛	13¾
Zenith Radio......	33¾	32¾
Chile 3% 1993	90⅛	90⅛

CANADA

GERMANY ♦

Aug. 10	Prices Dm.	+ or —	Div. %	Yld. %
A.E.G.	85	......	—	—
Allianz Versich...	415.5xd	+0.5	18	2.2
B.M.W.	229	−1	18	3.9
B.A.S.F.	150.2	+1.2	14	4.7
Bayer......	125.4	+1.4	17	6.3
Bayer Hypo......	274	−1.5	20	3.7
Bayer Vereinsbk.	282	+1	20	3.0
Commerzbank	181.7	+0.4	18	5.0
Conti Gummi......	89	−0.3	—	

PARIS

AMSTERDAM

BRUSSELS/LUXEMBOURG

SWITZERLAND*

MILAN

Aug. 10	Price Lire	+ or —	Div. Lire	Yld. %
Alitalia Priv......	695	+5	—	—
ANIC......	581	−9	—	—
Ausonia Fin	3,550	−49	120	3.8
Bastogi	1,141	−19	70	6.0
Breda......	2,190	−30	150	6.9
Burgo	9,450	......	200	2.1
Cantoni......	6,910	−50	—	—
CIGA......	2,200	−11	—	—
Cucirini	4,310	−65	225	5.2

TOKYO†

COPENHAGEN

STOCKHOLM

OSLO

VIENNA

AUSTRALIA

Aug. 10	Aust. $	+ or —
Acrow Australia......	†0.74	......
Adelaide Brighton Cent 50c	†1.21xd	......
Allied Mntg-Trdg. Indus. $1	†1.84	−0.04
Ampol Exploration......	†1.15	−0.02
Ampol Petroleum......	†0.72	......
Assoc. Minerals......	†3.50	+0.10
Assoc. Pulp Paper $1......	†1.03	+0.01
Aust. Con. Industries......	†1.70	
Aust. Foundation Invest......	†0.93	+0.02

JOHANNESBURG

MINES

August 10 — Anglo American Corpn., Charter Consolidated, East Driefontein, Elsburg, Harmony, Kinross, Kloof, Potgietersrust Platinum, South Vaal, Gold Fields SA, ...

SPAIN ♦

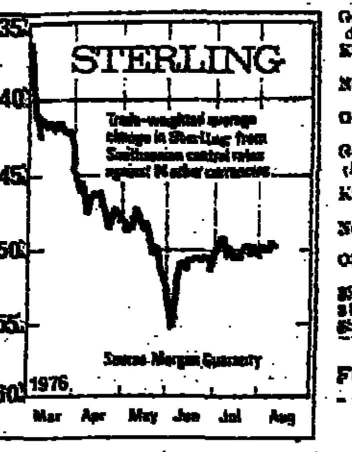
Pound steady

Quiet conditions persisted in the foreign exchange market yesterday. Sterling traded within a very narrow range of $1.7890-1.7930 in terms of the dollar and finished the day 15 points easier at $1.7895-1.7905. Against other major currencies the pound remained steady, and its trade weighted average depreciation, as calculated by the Bank of England, closed at 38.5 per cent., a level held all day. Monday's closing level was 38.6 per cent. The Spanish peseta came under pressure amid strong rumours of a possible devaluation. Short term peseta Euro-currency interest rates reached 150-200 per cent. in some European centres. A statement from the Finance Ministry denying any imminent devaluation did little to ease market tension, and the peseta closed at Ptas.68.50 against Ptas.68.24 in terms of the dollar.

The Spanish central bank was thought to have intervened in support of its currency but only on a small scale.

The U.S. dollar gave ground to most currencies in the earlier part of the day but by the close had recovered to finish largely unchanged on balance. The trade-weighted average depreciation of the dollar as calculated by Morgan Guaranty of New York, on noon rates, widened slightly to 1.70 per cent. from 1.63 per cent. on Monday.

Gold rose $½ an ounce to $113-$113½ in quiet conditions. The Krugerrand finished at $116½-118½ (£65-66) in domestic and international dealings. Its premium over the gold content widened to the common close of 3.64 per cent. from 3.43 per cent. domestically, and 3.21 per cent. in international dealings.



SPECIAL DRAWING RIGHTS RATES

One SDR is equal to	Aug. 10	Aug. 9
Sterling	0.640040	0.640865
U.S. dollar......	1.14512	1.14638
Belgian franc......	44.9795	44.9855
Deutschemark......	2.91390	2.91043
French franc......	5.70453	5.69464
Italian lira......	958.300	958.431
Japanese yen......	335.412	336.119
Dutch guilder......	3.08020	3.08262
Swedish krone......	5.08098	5.07574
Swiss franc......	2.86129	2.84474

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

EXCHANGE CROSS-RATES

Aug. 10	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frnkfu't	—	2.5435-45	51.04-08	6.47-48	4.550-555	94.60-65	101.20-25
N. York ..	39.29-31	—	20.05-08	2.5458-70	1.7892-7895	37.18-22	39.92-94
Paris......	195.625-025	4.9732-9822	—	12.670-760	8.905-8930	185.225-625	193.5-725
Brussels..	15.43-46	39.35-22	7.66-69	—	70.25-38	14.59-63	15.70-73
London....	4.55-56	1.7895-7905	8.91½-92½	70.25-45	—	4.804-81½	4.47½-48½
Am'rd'm.	105.755-805	2.6882-87	54.015-065	6.8475-85	4.8135-85	—	107.715-765
Zurich....	98.82-45	2.5050-55	50.17-24	6.3675-37	4.4785-485	93.05-15	—

U.S. $ in Montreal. U.S. $=98.52-54 Canadian cents.
Canadian $ in New York. C$=101.25-30 U.S. cents. U.S. $ in Milan 836.00-836.20.
Sterling in Milan 1496.95-98.10.

EURO-CURRENCY INTEREST RATES*

Aug. 10 1976	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	W. German mark	Swiss franc
†Short term...	13¾-14¼	5⅛-5⅜	8¾-9¼	14-15	4-4¼	¼-½
7 days notice	13-13½	5¼-5½	9¼-10¼	14-15	4-4¼	½-¾
Month	13⅝-13⅞	5¼-5½	9⅜-9⅝	12¼-12¾	4⅛-4¼	⅞-1
Three months.	14⅛-15⅝	5¾-6	9⅜-9⅞	11½-11¾	4⅜-4½	1⅛-1¼
Six months....	13⅝-15⅞	6⅛-6⅜	9¾-10	10¼-10½	4⅞-5	1½-2
One year	13⅝-14⅛	6¾-7	9¾-10	9¾-10	5-5¼	2½-2¾

Euro-French deposit rate: two-day 9-9½ per cent.; seven-day 9-9½ per cent.; one-month 10½-10¾ per cent.; three-month 10¾-11 per cent.; six-month 11-11½ per cent.; one-year 11-11½ per cent.

Longer-term Eurodollar deposits: two years 8½-8¾ per cent.; three years 8¼-8½ per cent.; four years 8¼-8¾ per cent.; five years 8¼-8½ per cent.

The following nominal rates were quoted for London dollar certificates on deposit: one-month 5¼-5½ per cent.; three-month 5½-5¾ per cent.; six-month 5 15/16-6 1/16 per cent.; one-year 6 9/16-6 11/16 per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars, two days' notice for guilders and Swiss Francs.

GOLD MARKET

	Aug. 10	Aug. 9
Gold Bullion (a fine ounce)		
Close......	$113-113¼	$112½-11[illegible]
Opening	$112½-113¼	$112½-11[illegible]
Morning fix'g	$113.40 (£63.310)	$112.80 (£63.041)
Afternoon fix'g	$113.40 (£63.310)	$112.70 (£62.943)
Gold Coins domestically		
Krugerrand	$116½-118½ (£65-66)	$115¼-11[illegible] (£64¼-65)
New Sov'r'gns	$41-43 (£23-24)	$41-43 (£23-24)
Old Sov'r'gns	$40-42 (£22½-23½)	$39½-41½ (£22¼-23)
Gold Coins (Intern'nally)		
Krugerrand	$116½-118½ (£65-66)	$115¼-11[illegible] (£64¼-65)
New Sov'r'gns	$41-43 (£23-24)	$41-43 (£23-24)
Old Sov'r'gns	$35½-38½ (£20½-21½)	$36½-3[illegible] (£20½-2[illegible])
$20 Eagles......	$188-191	$188½-1[illegible]
$10 Eagles......	$99½-102½	$99½-10[illegible]
$5 Eagles......	$70-73	$70-73

FOREIGN EXCHANGES

Aug. 10 1976	Bank Rates %	Market Rates Day's Spread	Close
New York	5½	1.7890-1.7930	1.7895-1[illegible]
Montreal ..	9½	1.7660-1.7700	1.76[illegible]
Amsterdam	5½	4.80-4.85	4.80½-[illegible]
Brussels...	8	70.25-70.50	70.35-[illegible]
Copenhgen.	8½	10.91-10.94	10.91½-[illegible]
Frankfurt ...	4½	4.54½-4.57	4.55-4.[illegible]
Lisbon......	8½	55.70-56.20	55.[illegible]
Madrid	7	122.00-125.00	12[illegible]
Milan	12	1,495-1,500	1,49[illegible]
Oslo	6	9.87½-9.91	9.8[illegible]
Paris	9½	8.89½-8.93	8.9[illegible]
Stockholm ..	6	7.82½-7.86	7.8[illegible]
Tokyo......	6½	520-530	52[illegible]
Vienna	4	32.10-32.50	32.[illegible]
Zurich	2	4.46½-4.48	4.4[illegible]

* Basic discount. ‡ Rates given are convertible franc. financial franc [illegible]

OTHER MARKETS

		Notes Rates	
Argentina	250.75-250.95	Argentina	[illegible]
Australia	1.4549-1.4611	Austria	[illegible]
Brazil	19.45-19.65	Belgium	[illegible]
Finland ...	6.86-6.97	Brazil	[illegible]
Greece......	64.935-66.053	Canada	[illegible]
Hong Kong	8.77½-8.79½	Denmark	[illegible]
Iran	124-126	France	[illegible]
Kuwait ...	0.514-0.524	Germany	[illegible]
Luxembourg	70.25-70.50	Greece	[illegible]
Malaysia..	4.4425-4.4585	Italy	[illegible]
N. Zealand	1.7818-1.7972	Japan	[illegible]
Saudi Arab.	6.24-6.34	Netherlands	[illegible]
Singapore	4.3985-4.4125	Norway	[illegible]
S. Africa	1.5504-1.5670	Portugal	[illegible]
U.S.—		Spain	[illegible]
Canada		Switz'land	[illegible]
C$1—		U.S.	[illegible]
U.S. cents	101.22-101.35	Yugoslavia	[illegible]

* Rates given [illegible] dealers. BCRA [illegible]

FORWARD RATES

FARMING AND RAW MATERIALS

Whale catch quotas agreed

TOKYO, August 10.

[B]AZIL, JAPAN and the Soviet [Un]ion have reached agreement [on] catch quotas of minke and sei [wh]ales in the southern hemi[sph]ere for the next season as [So]uth Africa decided not to [wh]ale in the season, fishery [off]icials said.

The four whaling nations [op]ened talks last Thursday to [sh]are overall catch limits of [...]00 minke and 1,863 sei whales [au]thorised by the International [Wh]aling Commission for the [co]ming season.

[O]f the 1,863 sei whales, [Ja]pan will take 1,112, the Soviet [Un]ion 746 and Brazil five. Of [...] 8,900 minkes Japan and the [Sov]iet Union will catch 3,950 each [an]d Brazil 1,000, they said. [Br]azil had sought a 1,465 quota [of] minke whales.

[Re]uter

Further U.S. zinc price increase

[B]y Our Commodities Editor

[AN]OTHER U.S. zinc producer, [th]e Gulf and Western subsidiary [Ne]w Jersey Zinc, announced last [nig]ht it is raising its domestic [...]e price by 3 cents to 40 cents [a] lb. This follows similar [inc]reases last week by Texasgulf [an]d St. Joe Minerals.

[T]he announcement came after [the] close of the London zinc [ma]rket, but is not expected to [ha]ve much impact on values since [a d]ecision by other producers is [sti]ll awaited.

[Val]ues fluctuated wildly on the [Lo]ndon copper market yester[day]. What was described as [“p]anic” selling by speculators [dro]ve down prices in early trad[ing]. But trade demand at the [low]er levels quickly lifted the [ma]rket back up again to end the [day] above the previous close.

Hesitant coffee market continues to drop

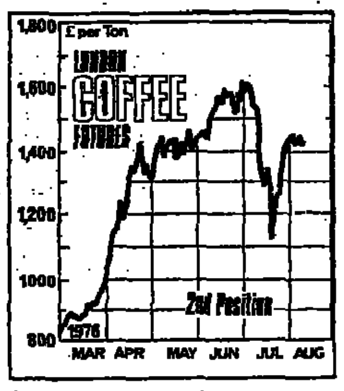
BY RICHARD MOONEY

THE DECLINE in world coffee values continued yesterday with the November position on the London terminal market ending £8.5 lower at £1,424 a tonne. At one time November coffee had fallen to £1,400 a tonne.

The gradual fading of Brazilian frost fears coupled with low European roaster demand because of the holiday period has created a hesitant tone in the market. But many traders are convinced that consumers will need to buy coffee fairly soon and are looking forward to rising prices in the medium term. Generally it is anticipated values will continue increasing until December when a clearer picture of consumption trends will be available and the new crops from Central America and West Africa begin to come in.

The traditional Brazilian frost season still has a couple of weeks to run, but with temperatures there unusually high most operators have virtually discounted the possibility of frost. However, the warm weather and rain experienced recently could lead to early flowering which would increase the risk from cold winds.

Coffee traders in Rio de Janeiro have suggested that the Brazilian Coffee Institute's (IBC's) 1976/77 crop estimate of 7.3m. 60-kilo bags could prove to be on the high side. Some now put the crop at around 6m. bags while others say they expect a crop of 5-5.5m. bags. But London traders tended to view



these figures with scepticism, noting that it would be in the interests of the Brazilian traders to “talk up” coffee prices.

Sources from the Agriculture Economy Institute (IEA), part of the Sao Paulo Agriculture Secretariat, said the IEA reduced its estimate for Sao Paulo state to 2.1m. bags from 2.5m., reports Reuter.

They said the latest reduction by the IEA, which is one of the IBC's main sources of statistics *for Sao Paulo coffee, was not in*cluded in the IBC's July estimate.

The Sao Paulo State Agricul*ture Federation (FAESP), a pro*ducer representative body, meanwhile estimates the state crop at 1.5m. to 1.8m. bags, its president Fabio Meirelles said. Sr. Meirelles said he does not believe Brazil's 1976/77 crop will reach more than 5.5m. bags.

He said the flowering for the 1976/77 crop in Sao Paulo at first seemed good. But the trees which escaped the frost were *left so weak by the cold weather* and ensuing lack of rain that they were not able to support the flowers long enough to pro*duce the hoped for crop of 3m.* bags or more.

Most trade estimates for the two main producing states of *Sao Paulo and Minas Gerais are* between 1.5m. and 2m. bags for the former, and 2m. and 3m. for the latter, the IBC's latest esti*mate for Minas Gerais is 3.2m.*

Sources with higher estimates have warned that it is still too early to assess the falls in the *states correctly. To avoid exag*gerating possible losses they said they are sticking to apparently optimistic figures for the *moment.*

Larger Soviet crop prospect

BY DAVID BUCHAN

WASHINGTON, August 10.

THE RUSSIAN grain crop this year will amount to rather more than 195m. tonnes, U.S. Assistant Secretary of Agriculture, Mr. Richard Bell, predicted to-day. He was speaking at a Press conference given by a team of U.S. *observers who had returned* from visiting areas where Russian spring crops are grown.

The U.S. team confirmed earlier predictions that this year's Russian crop is likely to be considerably larger than last year's 132m. tonne yield. They reported that, though production was slightly down in western Russian, partly because of heavy rains, the eastern Russian crop *was doing well and in general* the crop was average or above average.

This squares with the optimis*tic findings of an earlier U.S.* team which had earlier this summer inspected the Russian winter crops.

As a result of these optimistic *conclusions, estimates of U.S.* grain sales to Russia this year have been revised downwards, from a figure of between 10m. and 12m. tonnes, forecast a month ago to about 8m. tonnes of wheat, and corn and about 1.5m. tonnes of soyabeans. Last year, the Soviet Union bought a total of 17m. tonnes of grain and soyabeans.

Under existing agreements, the Russians have promised to buy at least 6m. tonnes a year of wheat and corn in equal propor*tions. It can, in addition, buy a* further 2m. tonnes without consulting the Department of Agriculture unless the crop in the U.S. is held to be low. But this year the Department is forecasting a near record crop of 222m. tonnes in wheat and corn alone. The U.S. also expects its grain and soyabeans sales to Eastern Europe to pick up to a figure of roughly 2m. tonnes.

Meanwhile, officials here denied that the U.S. plans any immediate grain sales to China. Secretary of Agriculture, Mr. Earl Butz, was quoted yesterday

U.S. RUBBER STRIKE MOVE

WASHINGTON, August 10.

[RU]BBER WORKER and indus[try] representatives to-day [rej]ected compromise proposals [fro]m Mr. W. J. Usery, Labour [Se]cretary, aimed at ending the [...]-week-old strike, U.S. Govern[me]nt officials said. They [de]clined to give details of the [pr]oposals but said they expected [so]me reaction from both sides. Mr. Usery told union and [in]dustry representatives he [ex]pects them to remain in con[tin]uous bargaining until the [di]spute is settled.

[R]euter

Cocoa market peak

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA PRICES reached new life-of-contract highs on the London terminal market yesterday with a sharp rise in afternoon trading wiping out earlier losses. The December position *closed £25.75 up at £1,251.25 a* tonne, after having fallen to £1,208 at one stage.

Heavy buying interest was attributed to fears that the Brazilian main crop production could be seriously affected by recent heavy rain encouraging crop diseases and also threatening the quality of the Temporao crop beans.

Meanwhile further doubts as to whether the new International Cocoa Agreement, negotiated at Geneva last year, would come into force on the scheduled date of October 1 were expressed yesterday by the Togo delegate, Ganiou Salami, Reuter reported from Lomé.

In London it was pointed out that all the major producer countries, with the exception of the Ivory Coast, had confirmed their intention to join the new Agreement.

Attack on potato profiteers

By Our Commodities Staff

MRS. SHIRLEY Williams, the Prices Secretary, should act at once to stop flagrant profiteering in the selling of potatoes, Mr. Walter Johnson, Labour MP for Derby South, said yesterday.

“In some cases it is so bad that you can watch the prices rise as you sit and wait. In just two weeks the price has risen from about 6p a pound to 11p.

“On one farm near Bath I saw the price of ½-cwt of potatoes rise from £2.50 to £3 in the course of an afternoon. The same produce now costs £4 for the same weight,” he said.

If the profiteering continued, Mr. Johnson said, he hoped housewives would refuse to pay the inflated prices as it would be the most effective way of bringing farmers to heel.

However, the Potato Marketing Board's weekly market report yesterday showed that producers' and wholesalers' prices have shown very little change over the past week. The only noticeable change has been in retailers' prices, with the average ranging from 8p to 12p a pound compared with only 6p to 9p a week ago.

The PMB pointed out that crop yields are particularly light because of the drought and that farmers are busy getting in an early grain harvest so that the quantities of potatoes being marketed are much smaller than usual.

Japan buys 100,000 tons of sugar

By Our Commodities Staff

THE LONDON daily price for raw sugar yesterday fell by another £1 to £146 a ton—the lowest price since June, 1975.

One of the factors was a report that Japan has bought almost 100,000 tons of distressed raw sugar over the past two weeks at prices below world market values.

However, some brokers think the removal of this quantity from the export market will do little to steady prices, Reuter *reported from New York.*

But on the London terminal the market was a little steadier, closing with small gains of 0.15p *to 0.90p a ton.*

● The Belgian sugar beet harvest is expected to begin around October 10 and to yield around 5,600 kilos of sugar per hectare, against an average of 6,000 to 6,300 kilos, tentative estimates prepared by the Belgian Sugar Beet Institute (IBAB) show, reports Reuter from Brussels.

NEW ZEALAND CHEESE

Need to grab every export opportunity

BY DAI HAYWARD IN WELLINGTON

NEW ZEALAND is to cut its cheese production by up to a quarter next season. A cut of about 20,000 tons from last year's 80,000-ton level is likely because of New Zealand's reduced access to the EEC market.

Faced with the problem of substantial unsold stocks in store in the U.K. and New Zealand, the New Zealand dairy industry has lost 30,000 tons of its European market because of EEC restrictions.

Along with the cutback in quantity there will be greater effort and emphasis to improve quality to maintain a profitable and viable market for the New Zealand cheese industry.

Bulk shipping

For many decades the New Zealand cheese industry was geared to the British market. Thousands of tons of cheddar were produced through New Zealand's co-operative dairy factories, owned by the producers. These were shipped in bulk to the British market. Because the British consumer was accustomed to buying New Zealand cheddar, limited effort was put into packaging or presentation—the product being packed in the U.K. in the materials available.

With the need to grab every possible export market it can find, the New Zealand dairy industry is putting more effort into presentation and packaging.

It is also stepping up efforts to increase production of non-cheddar-type cheeses. Not so long ago nearly all New Zealand's cheese production was in cheddar. Last season 22 per cent. of the 80,000 tons produced were other cheeses than cheddar.

The New Zealand Dairy Board has taken a hard line on quality. Standards have been upgraded and cheese factories receive regular visits from a special quality control team to make sure that only the better cheeses are produced.

To compensate for being shut out of overseas markets the Dairy Board has also launched a major campaign to increase cheese consumption within New Zealand. In addition to encouraging New Zealanders to eat more of the traditional cheddar, dairy factories are now producing traditional European-type cheese *for export and home consump*tion.

The New Zealand dairy industry was quick to produce a cheese to suit the demands of new markets such as America and Japan, but it is facing access problems and restrictions caused by farm politics in both areas.

Despite quotas and the battle to compete with subsidised cheese exports from European centres, New Zealand has established footholds for its speciality cheese in several developing markets. Colby, gouda and *cheddar cheeses are already* being sold in substantial quantities to Egypt and Iraq, against competition from European exports which have less distance to travel.

However sales prospects are limited by the liberal export subsidies paid to European producers for export to the markets.

Restrictions

New Zealand is developing a *mozzarella-type cheese for export* and home consumption. However, because of quota restrictions, exporters cannot look to *the U.S. market for possible* sales.

Soon a dairy factory will be producing a New Zealand-type camembert. *The aim is to supply* at least half of the local market, currently running at about 20 tons of Camembert a year. This is only of minor importance in the New Zealand cheese industry, but it reflects the changed attitude now prevailing to the 288 tons of cheese imported into New Zealand. In the past the Dairy Board has bitterly fought those who wanted to impose import restrictions against foreign cheese coming into New Zealand. It argued that New Zealand suffered from restrictions, quotas and political interference in practically every area in the world, and that New Zealand should set an example by allowing unlimited access to foreign competition.

It will not change this attitude. The industry is, however, making a determined bid to develop types of cheeses which were previously imported, which it believes to have an export potential for New Zealand.

Senate panel approves wheat, coffee pact

WASHINGTON, August 10.

THE SENATE Foreign Relations Committee has approved U.S. participation in international commodity agreements covering coffee and wheat.

But the panel failed to take action on a third agreement for tin. A committee staff member said action on the tin agreement will be considered after Congress returns from its recess for the Republican National Convention.

*The wheat and coffee agree*ments were approved without dissent. The actions must be *affirmed by the full Senate* before the U.S. can enter into the agreements, as the Administration wishes.

The coffee agreement would affect the price of the commodity through setting regulations for imposition of quotas.

The wheat pact, on the other hand, extends the existing agreement through June, 1978, and contains no price provisions.

The tin agreement has been opposed by major U.S. steel companies.

Reuter

Channel Isles farms hit by drought

By Our Own Correspondent

GUERNSEY, August 10.

DAIRY FARMERS in the Channel Islands are facing a critical situation as a result of the prolonged drought. There is now very little natural grass left in the islands, and the price of imported feed concentrates from the U.K. has risen steeply because of Continental demand.

The agricultural committees *in Jersey and Guernsey are tak*ing emergency action to try to avoid any widespread slaughtering of cattle, because this could endanger the *island's future self*-sufficiency in milk.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

[C]OPPER—Moved erratically between [£8]4 and £889 on the London Metal Ex[ch]ange. Forward metal opened a shade [lo]wer at £864 and immediately fell to [...]4 following short selling and liquida[tion] on a reluctant market, before the *price rallied to £877 in the morning rings* owing to short covering and modest trade demand. The rally continued in the afternoon following fresh covering and stop-loss buying, with the forward price reaching £889 before *easing on profit-taking to* end at £884 on the kerb. Turnover 17,775 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	845.5-6	+9.5	851.5-2.5	+6
3 months	876-.5	+8.25	883-4	+5.5
Settlem't	846	+9.0	—	......
Cathodes				
Cash	833.4	+8.25	839-40	+8.5
3 months	864-.5	+8.5	870-1	+5.75
Settlem't	834	+9	—	......
U.S. Smt.	—	......	*74	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £846, three months, £870, 71, 72, 74, 75, 76, 75, 73, 72, 73, 74, 75, 76, 77, 76.5. Cathodes, cash, £833, three months, £863.5, 64. Kerbs: Three months, £876, 77, 78, 79, 79.5, 80, 81, 82, 83, 84, 83, 82. Afternoon: *Wirebars, cash, £857, 51.5, three months,* £886, 87, 88, 87.5, 88, 87, 88, 89, 86, 85, 86, 87, 86, 85, 84, 83, 83.5 84. Cathodes, three months, £871. Kerbs: Three months, £882, 88, 82, 82.5, 83, 83.5, 84.

TIN—Gained ground, despite the overnight fall in Penang, reflecting the *strength of copper and covering against* overnight physical demand to the U.S. Forward standard metal traded up from £4,635 to £4,690 before easing modestly owing to profit-taking to end at £4,675 on *the afternoon kerb. Turnover 2,175 tonnes.*

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	4550 3	+6.5	4575-80	+28.5
3 months	4653 60	+21.5	4675-85	+31
Settlem't	4553	+5	—	......
Standard				
Cash	4550-3	+6.5	4575-80	+28.5
3 months	4653-5	+21.5	4675-80	+31
Settlem't	4553	+5	—	......
Straits E.	†$1190	—18		......
New York		......	377.50	+3.87

Morning: Standard, cash, £4,560, 50, 60, 55, three months, £4,635, 50, 45, 50, 55, 60, 53. Kerbs: Standard. Three months, £4,660, 68, 70. Afternoon. Standard, cash, £4,580, 75, 80, early November, £4,685, three *months, £4,690,* 85, 80, 85, 90, 85, 80. Kerbs: Standard, three months, £4,675.

LEAD—Marginally higher. Forward metal opened easier at the day's lowest point of £267 before moving ahead in line with the trend in other base metals to end at £278 on the afternoon kerb. Turnover 7,150 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	264-.5	+5	266 7	+1.75
3 months	274.5-.5	+5.5	277-8	+2.5
Settlem't	264.5	+5		......
N.Y. Spot		......	*25-26	......

Morning: Cash, £264, 63.5, 64, three months, £275, 74. Kerbs: Three months, £276, 76.5. Afternoon: Three months, £276, 79, 79.5, 80, 79, 78, 77. Kerbs: Three months, £276, 77, 77.5.

ZINC—Barely changed. Values initially moved lower reflecting the weakness of *other metals but subsequently turned up*wards, the forward price rising from £425 to end a shade easier on balance at £431 on the afternoon kerb. Turnover 7,250 tonnes.

ZINC	a.m. Official	+ or —†	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	413-4	+.25	416-.5	—.25
3 months	429-30	......	432-.5	—.25
Settlem't	414	+.5		......
Prim. West		......	*37-40	......

Morning: Three months, £432, 31, 30. Kerbs: Three months, £432. Afternoon: Cash, £419, 18, three months, £434, 35, 35.5, 37, 36, 34, 32. Kerbs: Three months, £432.

SILVER

Silver was fixed 1.95p an ounce higher for spot delivery in the London bullion market yesterday at 234.55p. U.S. cent equivalents of the fixing levels were: [illegible]

[illegible]

LEGAL NOTICES

Company number 308497 registered in England.

IN THE MATTER of THE COMPANIES ACTS, 1948 to 1967

and

IN THE MATTER of JOHN MANNERS LIMITED

[illegible]

Company number 141644 registered in England.

IN THE MATTER of THE COMPANIES ACTS, 1948 to 1967

and

IN THE MATTER of THE IRISH MANUFACTURING COMPANY LIMITED

Registered Office and Business Address: 1-5, Harley Street, London, W1.

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a MEETING of the CREDITORS of the above-named Company will be held at Guildhall House, 81-87 Gresham Street, London, EC2 on Monday, August [illegible]

[illegible]

RESIDENTIAL PROPERTY

COMPANY CHAIRMAN

[illegible]

COFFEE

Trade sources said price declines reflected the easier New York trend and bearish chartist indications.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
September	1440-442	-9.50	1445 420
November	1432-425	-8.50	1429-400
January	1414-415	-10.0	1419 395
March	1407-409	—8.50	1413 390
May	1407-409	—15.5	1414 492
July	1402-410	-16.0	1403
September	1395-410	-16.5	1390

Sales: 1,286 (1,142) lots of 5 tonnes.

ICO Indicator prices—(U.S. cents per *pound): Colombian Mild Arabicas 184.00* (185.00); other Mild Arabicas 150.00 (151.50); unwashed Arabicas *Santos* Fours 149.25 (same); Robustas 129.00 (same). Daily average 148.42 (148.83).

ARABICA CONTRACT—No sales, all unquoted.

COCOA

After easing for a brief period the upward trend continued with heavy fresh buying and short covering in a market lacking quantity sellers, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No6 C'ntr'ct			
September	1312.0-15.0	+34.50	1317.0-262.0
December	1251.0-51.5	+25.75	1255.0-209.0
March	1208.0-10.0	+25.25	1212.0-169.0
May	1179.0 81.0	+22.25	1181.0-142.0
July	1158.5 61.5	+28.00	1160.0-125.0
September	1129.0 33.0	+28.50	1130.0-095.0
Dec	1080.0-85.0	+22.85	64.0 56.0

Sales: 4,347 (4,323) lots of 10 tonnes.

International Cocoa Agreement—(U.S. cents per pound): Daily 95.82 (92.83); 15-day average 88.30 (87.64); 22-day average 88.48 (88.31).

RUBBER

STEADIER opening on the London physical market. Fair interest throughout day, closing on a better note. Lewis and Peat reported a Malaysian godown price of 194 cents a kilo (buyer, September).

[illegible]

GRAINS

THE BALTIC—[illegible]

FREIGHTS

[illegible] of oilseeds was arranged from Vancouver to Japan $14.80 f.i.o. for August-Sept. In coal section business developed from Vancouver to Japan $14.80 f.i.o. for August-Sept. Timecharterers fixed vessel of 28,800 long d.w.t. for a voyage from Japan to U.K./Continent/Mediterranean $6.05 for August and another 57,656 long d.w.t. for voyage from Japan to Antwerp/Hamburg via Australia $2.75 end August. Other bookings included a South Africa round voyage with a vessel of 60,740 long d.w.t. $1.75, delivery passing key west prompt redelivery U.S. Gulf.

[illegible] Nov. 76.05-73.70, Jan. 79.90-76.70, March 81.65-81.30, May 84.50-84.15. Sales: 126.

EEC IMPORT LEVIES—Premiums effective for to-day (in order current levy plus Sept., Oct. and Nov., previous in brackets). Common wheat—50.62, nil, nil, nil (49.41, nil, nil, nil). Durum wheat—89.08, nil, nil, nil (87.48, nil, nil, nil). Rye—38.38, 3.63, 3.63, nil (38.38, 2.13, 2.13, nil). Barley—31.54, nil, nil, 1.41 (29.94, nil, nil, nil). Oats—14.67, 0.61, 0.61, 2.02 (13.86, 1.61, 1.61, 1.61). Maize (other than hybrid for seeding)—32.98, 2.62, 2.62, 6.45 (32.98, 2.62, 2.62, 6.45). Buckwheat—All nil. Millet—32.99, nil, nil, nil (same). Grain sorghum—38.64, 0.20, 0.20, 0.81 (38.64, nil, nil, nil). Also for flours. Wheat or mixed wheat and rye flour—81.62 (79.92). Rye flour—64.46 (64.46).

SOYABEAN MEAL

Market opened easier in line with Chicago close, but with lack of any fundamental news market remained quiet throughout most of the day finishing around unchanged from the opening, reports SNW Commodities.

	Yesterday's Close	+ or —	Business Done
	£ per tonne		
Aug.	116.40-27.0	—1.0	—
October	121.70-22 8	—3.20	—
December	128.40-28.6	—1.85	29.50-27.00
February	131.70-31.9	—2.20	31.90-31.10
April	133.50-34.0	—1.80	34.00-32.60
June	134.80-36.0	—0.85	35.50-36.00
August	136.80-38.0	—2.50	38.00

Sales: 121 (92) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £146.00 (£147.00) a ton c.i.f. for August-Sept. shipment. White sugar daily price was fixed at £182.00 (same).

Market opened slightly above overnight *levels and thereafter edged higher on* scattered short covering in thin conditions. By mid-afternoon prices were some £2 above first traded levels. However, reports that Tunisia had bought two *cargoes of raws at an average price of* $249.50 per mt. c. and f. caused a reaction and all the gains had been lost by the close, reports C. Czarnikow.

Sugar Pref Comm Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Oct.	167.40-67.70	167.00-67.25	68.00-66.00
Dec.	165.85-65.70	165.15-65.45	66.00 62.00
March	170.00-70.50	169.50-69.75	72.00-68 50
May	174.50-74.75	174.40-74.50	76.60-74.00
Aug.	176.60-77.25	176.50-77.00	78.50-77.50
Oct.	176.75-79.50	177.90-76.50	80.00-79.50
Dec.	179.00-81.00	178.50-80.00	—

Sales: 2,625 (3,985) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £237.60 [illegible]

WOOL FUTURES

LONDON—Market little changed in featureless session, reports Bache.

[illegible]

VEGETABLE OILS

LONDON PALM OIL—[illegible]

COTTON

COTTON, Liverpool—[illegible]

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—[illegible] Scotch medium 36.0 to 39.0, heavy 36.0 to 36.0. Imported frozen: NZ PL 41.0 to 41.5, PM 38.0 to 38.5, PH 34.5 to 35.0. Pork: English, under 100 lbs 30.0 to 36.0, 100-120 lbs 30.0 to 34.0, 120-160 lbs 29.0 to 33.0, 160-180 lbs 27.5 to 31.0, 180 lbs and over 28.0 to 30.0.

MEAT COMMISSION—Average fatstock prices at representative markets on August 10: GB—Cattle £27.99 per live cwt (−0.27); U.K.—Sheep 42.1p per pound est. d.c.w. (−0.3); GB—Pigs £4.59 per sc. l.w. (+0.12). England and Wales—Cattle numbers down 5.3 per cent., average £27.75 (−0.11); Sheep up 5.1 per cent., average 42.1p (−0.3); Pigs up 0.2 per cent., average £4.59 (+0.12). Scotland—Cattle up 13.0 per cent., average £28.79 (−0.60); Sheep down 12.1 per cent., average 39.4p (+1.1); Pigs up 26.7 per cent., average £4.50 (−0.06).

COVENT GARDEN—(Prices in sterling) Imported produce: Oranges—S. African: 58/150 2.50-3.30; Californian: 2.80-3.20. Nectarines—Spanish: 1.30-1.50; Italian: 1.60-2.40. Lemons—S. African: 60/195 4.00-5.70; Italian: 100 4.00, 120 4.25; Californian: 4.00-4.20; Spanish: 3.00. Grapefruit—S. African: 27/56 2.50-3.75; Californian: 3.80. Apples—Spanish: Golden Delicious per pound 0.08; New Zealand: Sturmer Pippin 3.80-4.00, Granny Smith 3.80-4.20; Tasmanian: Crofton/Democrats 3.00-3.50, Granny Smith 3.00-3.30; S. African: Golden Delicious 3.00-4.00, Granny Smith 3.80-4.10. *Pears—French: Per 28lb* Guyots 2.00, Williams' 2.30; Italian: Per pound Guyots 0.09, Williams' 0.10-0.12. Melons—Spanish: Yellow 1.20-1.50; Israeli: Ogens 2.50-3.20. Water-melons—Spanish: *1.60-2.30; Greek: 1.80. Grapes—Cyprus:* Per 18lb Sultana 2.10-2.20, Cardinal 2.70, Thompson per 12lb 2.00; Italian: Per 10lb 1.40; Spanish: Per 11lb Cardinal 1.30. Plums—Spanish: Santa Rosa per 5kg 0.90-1.50; *Italian:* Per 28lb Burbank 1.60, Blue 2.00, Santa Rosa 2.60, Giant Prunes 2.00. Peaches—Italian: A/B/C 1.20-1.60; French: 1.00-1.20. Avocados—S. African: 3.00-3.30. Tomatoes—Guernsey: 1.90; *Jersey:* 1.70. Onions—Maltese: Per 25kg 3.80; Dutch: Per 25kg 4.20; Israeli: 4.00-4.20; Spanish: 4.20-4.30. Capsicums—Dutch: 2.30.

English produce: Apples—Per pound Bramley's Seedling 0.09, Grenadiers 0.03-0.05, Derby's 0.07-0.08, George Cave 0.05, Discovery 0.07-0.09, James Grieve 0.05. Blackberries—Per pound 0.26-0.27. Plums—Per 12lb Oullins Gages 0.80, Czars/Rivers 0.80, Purple Pershores 0.80. Tomatoes—Per box 12lb 1.50-1.60. Cucumbers—Per box 1.00-1.40. Mushrooms—Per pound 0.25-0.35. Celery—Per 12/18 1.00-1.20, prepacked 2.00. Lettuces—Per 12 round 1.50-1.80, Cos 1.80. Carrots—Per bag 12½kg 1.50-1.70. Beetroot—Per net 0.80. Onions—Per nets 25kg 4.00-4.20. Peas—Per net 20lb 2.40. Marrows—Per box 15/25 0.60-0.70. Potatoes—Per bag 3.50-4.00. Capsicums—Per pound 0.30. *Corn Cobs—Per 14 1.00.* Beans—Per pound stick 0.20-0.25, ground 0.12-0.14. Cabbages—Per nets 2.00-2.20. Swedes—Per 28lb approx., Yorks 1.60, Devons 1.60.

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. Sept./Oct. shipment. BWB £222, BWC £210, BWD £201. Tossa: BTB £223, BTC £212, BTD £204. Calcutta goods [illegible]

PRICE CHANGES

Prices per ton unless otherwise stated.

	Aug. 10 1976	+ or —	Month ago
Metals			
Aluminium (w)	£526.6		£526.6
Free Market (cif)	$870-890	......	$920-946
Copper			
Cash Wire Bars (w)	£852	+5.0	£922.5
3 months do. do. (w)	£883.5	+5.5	£958.25
Cash Cathode (w)	£839.5	+3.5	£910.75
3 months do. do. (w)	£870.5	+3.75	£946
Gold Troy oz.	$115.57	+0.625	$122.5
Lead Cash (w)	£266.5	+1.75	£281
3 months (w)	£277.5	+2.5	£293.5
Nickel (w)	£2,785	......	£2,802
Free Market (cif)(lb)	£2.07-2.[...]	......	£205-2.15
Platinum(b)troy oz.	£103-108½	......	£94.5-100
Free Market	£85	—0.5	£99.1
Quicksilver(76lb)(z)	$80-85	......	$83-88
Silver Troy oz.	234.55p	+1.95	268.55p
3 months	241.5p	+2.05	288.2p
Tin Cash (w)§	£4,577.5	+28.5	£4,772.5
3 months(w)	£4,677.5	+31.0	£4,846.5
Wolfram 22.04lb.cif	£86½-87½	+¼	£62-63.5
Zinc Cash (w)§	£416.25	0.25	£433
3 months (w)	£432.25	−0.25	£450.75
Producers (w)	$795	......	$795
Oils			
Coconut Malayan	‡	......	‡
Groundnut			
§	£452	......	£461
Linseed Crude (w)	£465	......	£417
Palm Malayan (w)	$413	......	‡
Soyabean (w)		......	‡
Seeds			
Copra Philipp (w)	$290	—10.0	$340
Gr'nuts Nigerian	†	......	‡
Linseed Can. No. 1	£187	......	£206
Grains			
Barley EEC	£70	......	£72
Home Futures	£73.3	+0.05	£71.5
Maize			
French No.3 Am.	£73	......	£76
S.A. Yellow	‡	......	‡
Wheat			
No. 1 Red Spring	‡	......	‡
No.2 Hard Winter	‡	......	£91.05
Australian(f.a.q.)	‡	......	‡
English Milling	£82	......	£80.5
Cocoa Shipment (a)	£1442	+27.0	£1,278
Futures Dec	£1251.25	+25.75	£1,164.5
Coffee shipment (c)	‡	......	‡
Futures Nov	£1424	−8.5	£1,289
Cotton 'A' Index			
cent	82.25	—1.8	92.35*
Jute LJABWC (d)	$380	......	$380
Rubber kilo	45.5p	......	47.5p
Sisal EA3L (w)	$600	......	$600
Sugar (Raw)	£146	—1.0	£183
Wooltops 64s kilo	274p	......	267p
Cloves (Madagascar)	£3,550	......	£3,550
Pepper White ton	£1,130	......	£1,120
Black ton	£952	......	£935

* Nominal. † Seller. ‡ Unquoted. § Unofficial close. ♣ Indicative price. *a* Seller's quotation. *b* U.K. and Commonwealth refined. *c* Uganda Robusta standard grade indicative prices f.o.b. Mombasa U.S. cents a pound. *d* Bangladesh white “C.” *h* Jan-March. *r* Sept. *w* Metric tons.

FINANCIAL TIMES

Aug. 10	Aug. 9	Month ago	Year ago
227.07	226.15	228.78	183.53

(Base: July 1, 1952=100)

REUTER'S

Aug. 10	Aug. 9	Month ago	Year ago
1454.2	1458.0	1553.5	1167.5

(Base: September 18, 1931=100)

DOW JONES

[illegible]

MOODY'S

[illegible]

U.S. Markets

NEW YORK, August 10.

Cocoa—Ghana spot 113 nom. (same). Bahia spot 105½ nom. (same). Sept. 98.25 (99.75), Dec. 95.15 (94.65), March 91.50, *May 88.40, July 85.40, Sept. 82.55, Dec.* 79.05. Sales: 1,008.

Coffee—“C” Contract Sept. 147.50-147.60 (149.70), Dec. 139.60-139.80 (139.60), March 134.25, May 134.50, July 134.00. Sales: 517.

Copper—Aug. 69.50 (68.00), Sept. 69.90 (68.40), Oct. 70.50, Dec. 71.70, Jan. 72.30, March 73.50, May 74.70, July 75.50, Sept. 76.30. Sales: 7,500.

Cotton—No. 2: Oct. 75.20-75.70 (74.27), Dec. 73.10-73.50 (72.12), March 74.00, May 74.00-74.20, July 72.90-73.10, Oct. 67.70-67.80, Dec. 65.60. Sales: 5,450.

ΦGold—Aug. 113.70 (112.40), Sept. 113.90 (112.50), Oct. 114.00, Dec. 114.70, Feb. 115.80, April 116.90, June 118.10, Aug. 119.30, Oct. 120.60, Dec. 121.90. Sales: 282.

Greasewool—Spot 183.00 nom. (same). Oct. 179.5-187.8 (180.5), Dec. 180.0-185.8 *(182.0), March 180.0 bid, May unquoted.*

†Lard—Chicago loose 18.50 nom. (18.55). NY prime steam 19.75 nom. (20.00 traded).

††Maize—Sept. 274-274½ (276), Dec. 268½-267½ (267½), March 276½-277½, May 282½, *July 288½.*

‡Platinum—Oct. 156.00 (151.80), Jan. 158.50 (154.10), April 160.50, July 162.40, Oct. 166.90-167.10, Jan. 169.70-169.90. Sales: 411.

‡‡Silver—*Spot 420.50 (same).* Aug. 425.60 (413.00), Sept. 427.00 (414.50), Oct. 429.10, Dec. 433.50, Jan. 436.10, March 441.20, May 446.40, July 451.60, Sept. 457.00, Dec. 465.60. Sales: 11,902.

*Soyabeans—*Aug. 617 (623½), Sept. 620* (626), Nov. 630-628, Jan. 637½-635, March 641½-641, May 645-644, July 646-645½.

*b*Soyabean Meal—Aug. 178.50-178.00 (180.20), Sept. 178.50-179.00 (180.80), Oct. 18.00, Dec. 181.50-182.50, Jan. 183.00-183.50, March 184.00-184.50, May 185.50, July 186.50.

Soyabean Oil—Aug. 19.85 (19.60), Sept. 19.90-19.95 (19.67), Oct. 20.00-20.10, Dec. 20.15-20.25, Jan. 20.25, March 20.35-20.40, May 20.40-20.45, July 20.50.

Sugar—No. 11: Spot 10.20 (10.55), Sept. 10.92-10.95 (10.93), Oct. 11.30-11.32 (11.35), Jan. 12.10 nom., March 12.23-12.21, May 12.45, July 12.60-12.58, Sept. 12.65, Oct. 12.65, Jan. unquoted. Sales: 3,053.

Tin—375.00-380.00 asked (372.00-375.25 asked).

**Wheat—Sept. 324½-325 (323½), Dec. 339½-339 (337½), March 353½, May 358½, July 363.

WINNIPEG, Aug. 10. ††Rye—Oct. 264½ bid (264½), Nov. 262 (262), Dec. 261½, May 105½ nom.

*c*Oats—Oct. 134½ asked (133½ bid), Dec. 132½ asked (126½ asked), May 84.

§Barley—Oct. 209½ bid (218½ bid), Dec. 108½ asked (310½ asked), May 97½.

*d*Flaxseed—Oct. 708 (716 bid), Nov. 712 asked (718 asked), Dec. 712 asked, May 285.40 bid.

Wheat—SCWRS 13.5 per cent. protein content c.i.f. St. Lawrence 415½ (416½).

All cents per pound ex-warehouse unless otherwise stated. * Cents per 60-lb bushel ex-warehouse. Φ $'s per troy ounce—100-ounce lots. †Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡‡Cents per troy ounce ex-warehouse. *b* New “B” contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. **Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. *c* Cents per 34-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. *d* Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

CUBA WARNED OF ‘MACKEREL WAR’

MEBYON KERNOW, the Cornish nationalist movement, yesterday sent a “hands off our fish” warning to the Cuban embassy in London. The movement fears a mackerel war in Cornish waters “of even greater intensity than the Cod War between Britain and Iceland.”

The letter to the ambassador follows a report that the Cubans have requested a quota of 3,000 tons of mackerel from Cornish waters.

The embassy has been asked to pass on the protest to the Cuban Government.

STOCK EXCHANGE REPORT

Widespread gains with institutional support evident

Gilts and Golds up and share index rises 5.3 to 375.2

Account Dealing Dates

Option

*First Dealings	Declarations	Last Dealings	Account Day
July 26	Aug. 5	Aug. 6	Aug. 17
Aug. 9	Aug. 19	Aug. 20	Sep. 1
Aug. 23	Sep. 2	Sep. 3	Sep. 14

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Despite widespread expectations of an announcement of a poor set of monthly trade figures on Friday, stock markets made a useful all-round improvement yesterday. While still relatively low, recorded bargains were, at 5,088, the highest since July 19 last and the slight increase in business included some selective buying by institutional investors. Leading equities were quietly firm from the start and later benefited from the steadiness in sterling and the reflected firmness in British Funds. The latter saw more business than of late and rises ranged to ¼ at the House close with prices tending higher in the "after-hours" dealings. The Government Securities index hardened 0.05 to 62.30.

The bulk of the day's activity in the leaders took place in the afternoon, the morning improvement mainly reflecting marking up by jobbers and occasional bear closing. As with Gilts, the firm trend continued into the late trading and the FT 30-share index closed at the day's best of 375.2 with a rise of 5.3, its biggest one-day gain for nearly six weeks.

Secondary issues were generally firm, as seen in the 3-1 majority of rises over falls in FT-quoted Industrials and a rise of 0.8 per cent. to 153.10 in the FT-Actuaries All-Share index.

Gold shares continued to rally following a further improvement in the dollar premium and a fresh rise of $0.50 to $113.375 per ounce in the bullion price. The Gold Mines index rallied 4.2 more to 101.6, which is 4.4 above its August 6 "low" for the year of 97.2.

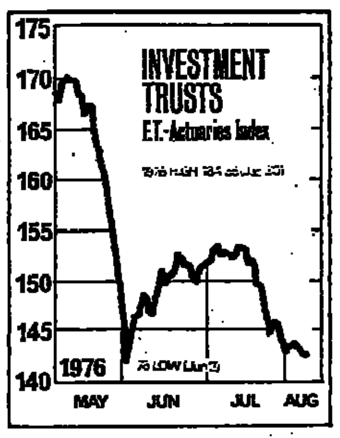
Gilts progress

A better feeling in British Funds continued throughout the official session and into after-hours' business. No single factor encouraged the demand, which was liveliest at the shorter end, but the latest provisional estimates of Central Government borrowing requirement were thought to have helped late sentiment. The continuing tightness of money failed to deter the shorts, although final gains were limited to ⅛ and were smaller than those seen in high-coupon longs: the latter slowed rises extending to ¼ with a further ⅛ being added after the official close. The long "tap," Exchequer 13¼ per cent., 1996, reached 95½, the level at which the Government broker was last a seller; he was not tested yesterday for stock.

A selective demand for investment currency found sellers again unwilling and the premium rose rather quickly to 101½ per cent. before reacting late to close a net two points higher at 99½ per cent. Yesterday's SE conversion factor was 0.7241 (0.7410).

ANZ advance

Home Banks attracted some buying attention after Monday's dullness and prices staged a modest recovery. National Westminster new nil-paid saw most of the business and ended 3 higher at 25p premium, after 26p premium, while the old firmed 4 to 210p. Lloyds, 200p, and Midland, 254p were also 4 harder, while Barclays added 3 at 248p. ANZ Group Holdings, the Australian concern formed to take over Australia and New Zealand Banking, opened sharply higher at 345p on Australian advices and subsequently improved further to 359p for an overall advance of 34. Elsewhere in Overseas issues, Bank of New South Wales picked up 15 to 545p and Hongkong and Shanghai Banking rose 7 to 285p. Among quiet and mainly steady Merchant Banks, Leopold Joseph made a weak showing at 130p, down 20 in a thin market, while Hambros shed 4 to 174p.



Composite Insurances saw little trade and prices moved narrowly. After the previous day's loss of 4 on the disappointing half-year results, Commercial Union ended a penny better at 123p, after 124p. General Accident were a shade harder at 162p ahead of to-day's interim results, while Royal Insurance, with half-time figures due August 16, added 2 at 282p. Combined Insurance of America rose 20 to 760p on the encouraging second-quarter results.

Breweries closed without much alteration and in kindred issues, the only movement worthy of note was a rise of 3 to 205p in Glenlivet.

Buildings closed with a fairly liberal sprinkling of small rises. A. P. Cement stood out at 158p, up 4, while Rugby Portland, 59p, and SGB, 76p, put on 2 apiece. A. V. Jennings were noteworthy for a gain of 4 to 162p. Plant-hire issues had Vibroplant 2 harder at 110p: the preliminary figures are expected next Monday.

ICI revived with a rise of 4 to 354p. Elsewhere in Chemicals, Coalite and Chemical, at 15p, recouped a penny of the recent weakness which stemmed from doubts about whether the company will reopen the Derbyshire hebicide plant. Higher first half profits left Horace Cory fractionally better at 13p, while B. Wardle, ahead of to-day's interim report, edged up ½ more to 16p. British Benzol Carbonising contrasted with a fall of 2 to 23p.

Philips' Lamp rally

The fresh improvement in the investment premium helped Philips' Lamp to recover 20 to 835p awaiting interim results, due next Tuesday. Other Electrical leaders were also in firmer vein, although business remained very thin. EMI improved 4 to 229p and Plessey 2 to 78p, while GEC closed a penny better at 146p, after 147p. Elsewhere, Wholesale Fittings recovered 3 to 59p on consideration of the preliminary results, while Ward and Goldstone, in front of to-morrow's annual results, hardened 2 to 88p. Pye Holdings closed a penny firmer at 43p following news of the deal with Philips Electronic. BSR added 3 at 99p, but Sangamo Weston declined 4 to 98p. The 6¾ per cent. Debentures of Metal Industries, a subsidiary of Thorn Electrical, were raised 31 points to £82 on the proposal to redeem the stock at £82 per cent.

Stores closed on a firm note following an improved business despite further evidence of the flat level of consumer spending. Marks and Spencer closed a penny up at 100p, while British Home Stores, 138p, and UDS, 71p, put on 2 apiece. Time Products responded to Press comment with a rise of a penny to 40p. Combined English Stores were active, but closed without alteration at 68p following news of European expansion moves.

Nominal gains were the order in Engineerings. The leaders were all 2 better, while Whessoe, at 46p, recouped the previous day's fall of 3. Herbert Morris initially showed concern about the future of Amalgamated Industrials' stake and fell to 97p, but recovered to 103p, up 1 on the day, after the latter's chairman's remarks on the situation. McKechnie Bros. put on 3 to 69p and Delta Metal 1½ more to 61p, the last-named still reflecting Press comment. Babcock and Wilcox picked up to 2 to 77p ahead of news of the big South African contract. Elsewhere, Weyburn began firmly but later drifted back to close 4 lower on balance at 340p.

In firmer Foods, Squirrel Horn rose 2 to 30p, on the higher first half profits while Kinloch improved similarly to 118p in front of to-morrow's interim statement. Reflecting strength in the dollar premium, Kraftco picked up 1 at £34½. Apart from Brent Walker, 3 easier at 46p following the preliminary figures, Hotels and Caterers generally moved into higher ground. Adda International finished a shade better at 12p, while Pontin's, 24p, and Savoy "A," 29p, put on a penny apiece.

U.K. Optical down

Miscellaneous Industrial leaders took a turn for the better in thin trading. Glaxo managed a rise of 9 to 372p, while Unilever gained 8 to 430p, Metal Box 6 to 262p, and Beecham 4 to 354p. The Australian Broken Hill Proprietary, still on the "rights" news and the Woodside-Burmah shares acquisition, improved 15 more to 810p, while the South African Barlow Rand rallied afresh by 6 to 138p. Elsewhere, U.K. Optical receded 5 to 150p on growing fears of the Pilkington bid being referred to the Monopolies Commission. Still drawing strength from the sharply higher interim profits, Manchester Ship Canal ended 3 higher at 178p, after 182p, for a two-day rise of 21. Gaskell (Bacup) gained 4 at 64p on the increased first-half profits, while Scottish and Universal Investments, ahead of to-morrow's results, added 2 at 68p.

Among quiet Motors, Dowty hardened 3 to 150p, while Lucas Industries, 208p, and Dunlop, 85p, put on 2 apiece. Against the trend, Robert R. Stockfis declined 5 to 110p. Garages closed slightly better for choice.

Beaverbrook "A" returned to popularity and closed 2½ up at 32p, but there was little else of note in the Newspaper sector. Similarly, British Printing were more in vogue at 36½p, a rise of 2, in otherwise drab Paper/Printings. David S. Smith picked up 1 to 33p on the increased profits.

Oils revive

After the recent downdrift, a rally in Oils took Shell up 6 to 428p (the half yearly results are due to-morrow) and Ultramar 7 higher to 135p. British Petroleum were relatively quiet, but still 4 dearer at 587p, while Burmah improved to 44p before a close of 2 better on the day at 43p. The rally in the investment currency premium helped Royal Dutch to recover ⅝ to £36. Elsewhere, Australians were firmer with Woodside-Burmah 8 to the good at 101p and Weeks Natural Resources 5 higher at 70p. Siebens (U.K.) were also 5 up at 155p, but Attock remained a dull market at 61p, down 3.

Property leaders edged forward in thin trading. Land Securities, 102p, and MEPC, 73p, both closed 2 firmer, while gains of 1½ were seen in British Land, 31½p, and English Property, 52p. Elsewhere, renewed takeover speculation spurred Apex Properties on to a peak for the year of 138p before a close of 134p for a net rise of 9. Also reflecting bid hopes, Peachey Property ended 1½ higher at 35p, after 36p, making a two-day rise of 5½, while County and District Properties advanced 4½ to 37p. Press comment on bid possibilities resulted in gains of about 5 in Property and Reversionary "A," 190p, and Property Holdings and Investment, 242p, and also led to improvements of 1½ in Centrovincial Estates, 31½p, and Capital shares, 30½p. Hales Properties put on 2 to 32p in response to the rise in profits and scrip issue proposal. Hammerson "A" added 5 at 385p, Allied London 3 at 36p and Intereuropean Properties 2 at 66p.

Overseas Traders improved in places, Gill and Duffus, 172p, S. and W. Berisford, 150p, and Brooker McConnell, 119p, all hardening about 3, while Inchcape ended 2 firmer at 380p, after 382p.

Overseas issues made headway in Trusts and Financials with the help of the improvement in the dollar premium. Selected Risk Investment rose 25 to 475p as did Mass. Mortgage and Realty to 870p. Robeco were also notably better, the Ordinary closing 1½ points higher at £55½ and the Subordinated finishing 11 to the good at 558p.

In Shippings, P and O Deferred and Ocean Transport both hardened slightly to 106p and 135p respectively, but Milford Docks gave up 3 to 47p and Lyle shed 4 to 220p.

Textiles edged forward in a light trade, Courtaulds regaining 2 to 121p and Youghal a like amount to 80p. *Sidlaw Industries* were also 2 better at 75p, while British Cotton and Wool Dyers' improved ½ to 21p following the chairman's reference to encouraging immediate prospects. Corah stayed at 22p awaiting to-day's interim results.

BAT's Deferred were high in the day's active stocks list and 3 up at 211p, while Imps, which also traded briskly, gained 2 to 73½p. Rothmans rallied slightly to 27p.

South African Industrials recovered some of the recently lost ground. O.K. Bazaars "A" improved 25 to 375p, while Anglo-American Industrial, 450p, and Tiger Oats, 390p, put on 20 and 25 respectively. Higher earnings took Abercom Investments up 8 to 138p. Edworks hardened 3 to 33p as did S. A. Breweries, to 51p.

Highlands and Lowlands edged up 1½ to 39p in idle Plantations where Malakoff, 35p, and Kuala Lumpur Kepong, 34½p, put on a penny apiece. Scottish Assam Tea, 25p, made no ap response to the disclos sharply reduced earnings.

Rally in Golds

The further rise in the ment dollar premium ar higher bullion price, comb enable Golds to move awa their recent low levels. Al ing the improvement was in the arbitrage rate.

Prices opened little chang gradually moved ahead on modest local and Cape which consequently push Gold Mines index back the 100 level to 101.6, a 4.2. The metal price was 50 cents up at $113.375 per

Among the heavyweight West Driefontein and Rand were both a half-point to at £14½ and £14 respectively Vaal Reefs and St. Helena similar amount to the price of 900p. In lower stocks, Southvaal put on 320p and Welkom 15 to 15

The strength of Gol reflected in the Financials, ally the South Africa stocks. Anglo America Union Corporation attract support and both rose 15 while General Mining imp to $13½. The London-base also gained ground with 3 better at 132p.

Australians were subs higher in response to the the premium and the sha in overnight home marke of around 10 were regist Australian Mining and S (302p). North Broken Hill and Western Mining while, on consideration half-year profits, Boug rose 5 to 145p. In Uraniums, Pancontinental a half-point to £13½ an Wallsend improved 20 to

FINANCIAL TIMES STOCK INDICES

	Aug. 10	Aug. 9	Aug. 6	Aug. 5	Aug. 4	Aug. 3	A Y ag
Government Secs.	62.30	62.35	62.27	62.30	62.20	61.87	6
Fixed Interest	61.63	61.55	61.74	61.77	61.72	61.40	5
Industrial Ordinary	375.2	369.9	375.5	371.0	373.2	366.4	2
Gold Mines	101.6	97.4	97.2	104.0	105.2	107.9	3
Ord. Div. Yield	5.92	6.00	5.95	5.97	5.94	6.01	
Earnings Y'ld % (full)	17.24	17.45	17.32	17.38	17.29	17.48	2
P/E Ratio (net) (*)	8.59	8.48	8.55	8.52	8.57	8.47	
Dealings marked	5,088	4,421	4,770	4,406	4,407	4,590	4
Equity turnover £m	—	43.86	42.98	43.86	46.50	42.07	5
Equity bargains total	—	12,170	13,033	12,170	11,297	11,748	1

10 a.m. 371.8. 11 a.m. 372.2. Noon 374.1. 1 p.m. 374.7. 2 p.m. 374.7. 3 p.m. 374.1.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=5.52.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1976 High	1976 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	65.21 (30/1/76)	60.19 (2/1/76)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	64.43 (27/1/76)	59.75 (2/6/76)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	420.8 (4/3/76)	364.7 (2/6/76)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	246.9 (21/1/76)	97.2 (6/8/76)	442.3 (22/5/75)	43.5 (28/10/71)

S.E. ACTIVIT

	Aug. 10
Daily	
Gilt Edged	193.8
Industrials	146.3
Speculative	48.0
Totals	115.6
5-day Average	
Gilt-Edged	167.0
Industrials	141.0
Speculative	40.7
Totals	106.1

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of The Financial Times, The Institute of Actuaries and The Faculty of Actuaries

EQUITY GROUPS

GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section.

	Group	Tuesday, August 10, 1976: Index No.	Day's Change %	Est. Earnings Yield % (Max) Corp. Tax 52%	Gross Div. Yield % (ACT at 35%)	Est. P/E Ratio (net) Corp. Tax 52%	Est. P/E Ratio (nil) Corp. Tax 52%	Monday Aug. 9 Index No.	Friday Aug. 6 Index No.	Thurs. Aug. 5 Index No.	Wed. Aug. 4 Index No.	Year ago (approx) Index No.	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (179)	139.98	+0.8	17.55	6.52	8.59	8.51	138.92	139.74	140.14	139.78	104.71	160.06 (21/4)	137.08 (2/6)	206.37 (4/5/72)	50.17 (13/12/74)
2	Building Materials (30)	123.90	+0.9	16.18	7.47	9.37	9.37	122.77	123.45	123.23	122.66	91.64	150.18 (15/1)	119.57 (30/7)	235.84 (2/6/72)	44.27 (11/12/74)
3	Contracting, Construction (23)	188.40	—	20.41	5.85	7.73	7.73	188.46	186.64	184.10	182.22	172.49	260.20 (16/1)	177.32 (30/7)	339.33 (19/6/72)	71.48 (2/12/74)
4	Electricals (16)	257.21	+1.0	17.21	5.16	8.68	8.45	254.59	257.33	259.13	258.84	198.84	287.30 (21/4)	245.72 (2/6)	350.04 (4/5/72)	86.71 (25/6/68)
5	Engineering (Heavy) (13)	168.80	+1.0	23.86	7.27	6.54	6.54	167.15	170.52	172.61	172.09	123.71	193.18 (5/5)	161.88 (2/6)	202.57 (6/6/73)	94.43 (1/2/76)
6	Engineering (General) (63)	130.55	+0.7	17.92	6.87	8.29	8.29	129.60	130.51	131.06	130.91	91.71	149.29 (5/5)	125.46 (2/1)	168.59 (4/5/72)	45.14 (6/1/75)
7	Machine and Other Tools (9)	57.06	+0.6	16.95	7.76	8.83	8.81	56.75	57.28	57.38	57.25	37.86	60.62 (3/5)	51.19 (5/1)	136.70 (4/7/66)	19.96 (13/12/74)
8	Miscellaneous (25)	125.96	+0.4	14.94	6.94	10.10	9.81	125.43	125.74	125.87	125.82	94.41	141.94 (11/5)	121.53 (2/1)	177.41 (27/4/72)	49.65 (6/1/75)
9	CONSUMER GOODS (DURABLE) (53)	120.87	+0.6	18.22	5.69	8.22	8.20	120.18	121.88	122.09	121.54	81.42	141.46 (21/4)	116.86 (2/6)	227.78 (21/4/72)	38.39 (6/1/75)
10	Lt. Electronics, Radio TV (15)	131.19	+0.6	17.46	4.40	8.47	8.46	130.43	133.05	132.97	132.20	95.78	160.35 (7/4)	128.75 (2/6)	257.41 (19/6/72)	42.58 (12/12/74)
11	Household Goods (13)	152.48	−0.1	19.02	7.84	8.01	7.98	152.61	153.85	153.99	153.49	122.24	187.22 (7/4)	152.48 (10/8)	263.22 (4/5/72)	63.92 (17/12/74)
12	Motors and Distributors (25)	78.10	+0.9	19.05	6.81	7.95	7.92	77.39	78.11	78.51	78.25	42.89	86.16 (3/5)	70.05 (6/1)	170.59 (15/1/69)	19.91 (6/1/75)
13	CONSUMER GOODS (NON-DURABLE) (168)	142.38	+0.6	15.18	6.71	9.96	9.85	141.50	142.45	142.75	142.08	119.11	162.24 (4/2)	138.95 (2/6)	226.08 (16/8/72)	61.41 (13/12/74)
14	Breweries (15)	160.47	—	14.71	7.09	10.18	10.18	160.40	162.12	162.35	162.07	133.73	179.45 (2/2)	147.99 (2/6)	281.87 (28/11/72)	69.47 (13/12/74)
15	Wines and Spirits (7)	157.64	+0.1	14.89	6.93	10.28	10.28	157.53	160.88	161.52	160.82	131.62	190.67 (5/5)	157.63 (9/8)	257.40 (13/7/72)	78.71 (13/12/74)
16	Entertainment, Catering (14)	171.37	+0.6	14.18	7.77	10.88	10.79	170.39	171.25	170.60	169.12	135.07	211.26 (8/3)	158.17 (2/6)	329.99 (12/12/72)	54.87 (19/7/74)
17	Food Manufacturing (22)	156.28	+0.8	16.90	5.65	9.01	8.94	155.02	155.58	156.19	155.27	127.43	179.44 (11/6)	153.38 (2/6)	211.65 (1/5/72)	59.78 (11/12/74)
18	Food Retailing (16)	132.95	+0.4	13.28	5.86	11.01	11.01	132.45	132.85	132.71	131.42	117.36	150.05 (12/1)	126.86 (2/6)	235.08 (16/8/72)	54.25 (11/12/74)
19	Newspapers, Publishing (16)	178.45	+0.4	13.79	5.87	11.15	11.15	177.79	176.97	176.56	174.77	117.58	184.34 (11/5)	157.01 (2/6)	260.29 (12/1/73)	55.08 (6/1/75)
20	Packaging and Paper (12)	98.54	+1.0	16.49	7.69	9.33	9.33	97.55	98.59	98.73	98.47	80.33	112.50 (26/2)	94.92 (2/6)	135.69 (26/4/72)	43.46 (6/1/75)
21	Stores (34)	117.80	+0.8	13.04	5.94	11.81	11.79	116.85	118.09	118.25	117.67	102.77	136.24 (2/2)	113.17 (2/6)	204.39 (16/8/72)	52.63 (6/1/75)
22	Textiles (23)	142.31	+0.8	11.06	8.05	15.04	10.77	141.12	140.97	141.77	141.79	124.35	183.19 (20/1)	139.85 (30/7)	253.72 (17/9/68)	62.66 (11/12/74)
23	Tobaccos (3)	209.64	+0.7	20.35	8.24	7.38	7.38	208.26	208.94	209.94	209.35	175.30	241.89 (3/5)	207.38 (2/8)	339.16 (2/8/72)	94.54 (13/6/62)
24	Toys and Games (6)	74.15	—	20.35	8.07	6.58	6.55	74.15	74.15	74.28	74.07	40.89	80.95 (16/7)	59.13 (22/1)	135.72 (16/1/70)	20.92 (6/1/75)
	OTHER GROUPS (96)															
25	Chemicals (26)	206.04	+1.0	12.30	5.50	11.39	11.39	204.02	205.29	206.64	206.41	157.44	231.38 (3/5)	199.45 (8/1)	231.38 (3/5/76)	71.20 (1/12/74)
26	Office Equipment (9)	87.66	—	13.47	5.93	10.88	10.88	87.67	88.20	88.62	89.10	70.30	100.18 (19/5)	85.09 (2/1)	246.06 (1/9/72)	46.34 (2/1/75)
27	Shipping (12)	379.15	+0.9	13.13	6.79	11.05	10.04	375.62	373.77	376.05	373.71	317.90	432.64 (30/1)	355.52 (19/3)	517.00 (5/12/72)	90.80 (29/6/62)
28	Miscellaneous (49)	148.94	+1.1	14.76	7.69	10.10	10.09	147.25	148.53	149.33	148.90	121.00	172.98 (21/4)	146.05 (2/6)	258.83 (2/5/72)	60.39 (6/1/75)
29	INDUSTRIAL GROUP (496)	146.84	+0.7	15.35	6.48	9.71	9.61	145.75	146.74	147.23	146.75	116.50	165.38 (3/5)	143.68 (2/6)	220.17 (1/5/72)	59.01 (13/12/74)
30	OILS (4)	353.66	+1.3	12.10	4.64	9.55	8.84	349.13	349.77	352.24	352.43	283.51	398.84 (20/5)	331.34 (16/2)	431.66 (29/5/69)	87.25 (29/5/62)
31	500 SHARE INDEX	163.83	+0.8	14.83	6.19	9.69	9.48	162.48	163.46	164.10	163.66	130.26	183.00 (3/5)	161.07 (2/6)	227.95 (16/8/72)	63.49 (13/12/74)
32	FINANCIAL GROUP (100)	123.56	+0.8	—	6.20	—	—	122.58	124.42	124.57	124.10	114.20	153.46 (30/1)	118.52 (3/6)	241.41 (11/4/72)	55.88 (13/12/74)
33	Banks (6)	142.19	+1.4	23.65	6.45	6.50	6.50	140.20	145.69	146.00	146.07	134.10	192.16 (29/1)	140.20 (9/8)	288.32 (20/7/72)	62.44 (12/12/74)
34	Discount Houses (10)	146.38	−0.3	—	9.45	—	—	146.80	147.19	147.92	145.02	135.45	186.82 (13/1)	145.02 (3/8)	293.18 (2/7/72)	81.40 (10/12/74)
35	Hire Purchase (5)	86.44	+1.0	—	7.52	—	—	85.57	86.44	87.29	84.85	86.33	132.10 (26/3)	83.44 (30/7)	433.72 (4/5/72)	38.83 (11/12/74)
36	Insurance (Life) (9)	103.21	−0.2	—	6.92	—	—	103.42	103.63	103.52	103.19	99.60	129.46 (30/1)	95.91 (3/6)	194.46 (15/3/72)	44.88 (2/1/75)
37	Insurance (Composite) (7)	100.30	+0.5	—	7.00	—	—	99.80	100.80	100.43	99.59	92.42	119.75 (30/1)	92.03 (10/6)	155.76 (21/4/72)	43.96 (13/12/74)
38	Insurance Brokers (9)	227.74	−0.3	10.76	5.06	13.74	13.74	228.53	229.31	230.96	228.97	178.77	276.90 (11/6)	218.26 (6/1)	276.90 (11/6/76)	65.86 (16/12/74)
39	Merchant Banks (16)	69.09	—	—	8.09	—	—	69.07	69.23	69.62	70.00	79.04	93.83 (27/1)	69.07 (9/8)	278.57 (1/5/72)	31.21 (7/1/75)
40	Property (32)	167.25	+1.7	3.67	3.27	50.91	48.34	164.47	164.68	165.39	165.07	142.18	194.57 (30/1)	144.37 (2/6)	357.40 (9/11/73)	56.01 (20/4/65)
41	Miscellaneous (6)	71.94	+0.1	17.82	8.58	8.68	8.68	71.88	71.88	72.00	72.13	59.91	91.98 (3/2)	68.44 (8/7)	303.13 (18/5/72)	33.29 (17/12/74)
42	Investment Trusts (50)	142.43	+0.2	3.72	5.32	27.78	27.78	142.12	143.00	143.49	143.21	139.75	184.55 (30/1)	141.96 (2/6)	245.79 (25/4/72)	71.63 (13/12/74)
43	ALL-SHARE INDEX (650)	153.10	+0.8	—	6.15	—	—	151.89	153.04	153.57	153.13	126.56	172.64 (30/1)	150.42 (2/6)	228.18 (1/5/72)	61.92 (13/12/74)
	COMMODITY GROUPS (*Not included in 500 or All-Share indices*)															
44	Rubbers (9)	475.10	+0.5	9.79	5.90	14.95	15.66	472.95	474.26	473.73	470.90	395.45	523.40 (7/5)	404.67 (14/1)	556.37 (25/7/73)	84.68 (25/6/65)
45	Teas (8)	137.76	—	29.40	9.23	4.52	4.40	137.76	139.60	139.38	139.16	101.87	142.43 (6/7)	117.89 (7/1)	142.43 (6/7/76)	69.72 (17/10/74)
46	Coppers (3)	178.35	+0.4	55.41	9.63	1.80	1.80	177.60	185.99	187.40	190.55	376.34	301.47 (7/1)	177.60 (9/8)	567.78 (13/7/73)	94.08 (29/4/62)
47	Mining Finance (11)	88.85	+3.5	11.74	5.64	9.59	9.52	86.68	88.87	90.56	89.71	122.10	119.77 (7/1)	86.18 (3/5)	175.90 (28/4/69)	66.51 (30/9/74)
48	Tins (9)	114.15	−0.8	14.03	8.79	10.94	10.89	115.04	115.20	115.20	115.20	86.77	119.14 (20/7)	86.09 (3/2)	125.43 (12/1/73)	54.83 (27/6/71)
49	Overseas Traders (13)	215.93	+0.7	15.77	4.50	8.24	8.22	214.53	212.30	215.00	214.15	201.27	254.47 (3/5)	208.94 (2/3)	254.47 (3/5/76)	97.37 (6/1/75)

	FIXED INTEREST	Tuesday, Aug. 10 Index No.	Tuesday, Aug. 10 Yield %	Monday August 9	Friday August 6	Thurs. August 5	Wed. August 4	Tuesday August 3	Monday August 2	Friday July 30	Year ago (approx.)	1976 High	1976 Low	Since Compilation High	Since Compilation Low
1	Consols 2½% yield	—	14.08	14.08	14.06	14.06	14.05	14.14	14.14	14.12	14.09	—	—	—	—
2	20-yr. Govt. Stocks (6)	48.72	‡15.38	48.62	48.65	48.71	48.60	48.18	48.19	48.33	50.09	53.45 (30/1)	47.56 (2/1)	115.42 (11/9/65)	38.27 (3/1/75)
3	20-yr. Red. Deb. & Loans (15)	50.19	‡14.73	50.22	50.35	50.28	50.53	50.53	50.53	50.53	47.48	52.40 (21/5)	46.68 (3/1)	113.43 (22/10/65)	37.01 (6/1/75)
4	Investment Trust Prefs. (15)	48.76	14.20	48.84	48.83	48.83	48.83	48.88	48.88	48.88	45.98	51.23 (18/2)	45.43 (7/6)	114.41 (13/8/63)	34.48 (4/12/74)
5	Coml. and Indl. Prefs. (20)	68.20	13.78	68.24	68.44	68.35	68.40	68.36	68.41	68.34	66.63	71.97 (2/2)	62.76 (2/1)	114.96 (7/10/63)	47.67 (6/1/75)

Section or Group	Base Date	Base Value
Overseas Traders	31/12/74	100.00
Engineering (Heavy)	31/12/71	153.84
Engineering (General)	31/12/71	153.84
Wines and Spirits	16/1/70	144.76
Toys and Games	16/1/70	135.72
Office Equipment	16/1/70	162.74
Industrial Group	31/12/70	128.20
Miscellaneous Financial	31/12/70	128.06
Food Manufacturing	29/12/67	114.13
Food Retailing	29/12/67	114.13
Insurance Brokers	29/12/67	96.67
Mining Finance	29/12/67	100.00
All Other	10/4/62	100.00

‡ Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p. By post 20p.

A record of the indices, cost £30 is obtainable from FT Business Enterprises 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

CONSTITUENT CHANGE: Warren Plantation Holdings has been added to the Teas Index.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1976 high	1976 low
ICI	£1	15	354	+ 4	402	328
BATs Defd.	25p	14	211	+ 3	225	205
Nat-West. "New"	Nil/pd.	13	25*	+ 3	30*	15*
Reed Int'l. "New"	Nil/pd.	13	24*	+ 2	26*	19*
Shell Transport	25p	12	428	+ 6	462	378
Barclays Bank	£1	8	248	+ 3	330	245
Commercial Union	25p	8	123	+ 1	158	106
GEC	25p	8	146	+ 1	168	142
Imperial Group	25p	8	73½	+ 2	88	70
Midland Bank	£1	8	254	+ 4	320	250
ANZ	$A1	7	359	+34	359	251
Reckitt & Colman	50p	7	329	− 1	363	315
Assc. P. Cement	£1	6	158	+ 4	202	146
Bowater	25p	6	183	+ 3	230	173
BET Defd.	25p	6	74	—	97	68

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).

* Premium.

Option Report—3-month Call Rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Aug. 3	Aug. 16	Oct. 28	Nov. 9
Aug. 17	Aug. 31	Nov. 11	Nov. 23
Sep. 1	Sep. 13	Nov. 25	Dec. 7

"Calls" were dealt in Town and City, Burton "A," Lonrho, Premier Consolidated Oil, National Westminster Bank Warrants, ICI, Peachey Property, Keyser Ullmann, Grand Metropolitan Warrants, J. Brown, Cons. Gold Fields and Barclays Bank, while "doubles" were arranged in Town and City, National Westminster Bank Warrants, Lonrho and Cons. Gold Fields.

Industrials		E.M.I.	17	Midland Bank	22	Cap. Counties	5
A. Brew	6½	Fitch Lovell	6	Nat'lWest Bank	20	E.P.	5
A. P. Cement	15	Gen. Accident	12	"Do" Warrants	7½	Int. Europe	7
Assoc Leisure	3	Gen. Electric	13	P&O Dfd	11	Land Securities	14
BSR	9	Glaxo	35	Plessey	7	MEPC	7
Babcocks	8	Grand Met.	7	R.H.M.	5	Peachey	6
Barclays Bank	22	G.U.S. 'A'	16	Rank Org. 'A'	18	Samuel Props.	4½
Berrywiggins	5	Guardian	18	Reed Int'l	23	Town & City	2½
Beecham	28	G.K.N.	25	Reyrolle	11		
Boots Drug	12	Hawker Sidd.	35	Rothmans	4	Oils	
Bowaters	16	House of Fraser	8	Slater Walker	4	Brit. Petroleum	40
B.A.T.	21	I.C.I.	20	Spillers	4	Burmah Oil	4½
British Leyland	5	"Imps"	7	Tesco	4	Shell	27
BOC Int.	5½	I.C.L.	14	Thorn 'A'	22	Ultramar	14
Brown (J.)	9	Inveresk	7	Trust Houses	9		
Burton 'A'	8½	Legal & General	12	Tube Invest.	27	Mines	
Cadburys	5	Ladbroke	11	Unilever	38	Charter Cons.	15
Cavenham	10	Lex Service	3¾	Utd. Drapery	8	Chart'rh'll Fin.	4
Courtaulds	11	Lloyds Bank	22	Vickers	15	Cons Gold	15
Debenhams	8	"Lofs"	4	Williams Hud'n	4	Hampton Areas	12
Distillers	13	London Brick	4½	Woolworths	6	Lonrho	9
Dunlop	7½	Lucas Inds.	20			Rio T. Zinc	17
Eagle Star	11	"Mams"	7	Property		Western M'ng.	18
		Marks & Sp'ncer	8	Brit. Land	5½		

NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

NEW HIGHS (11)

CORPORATION LOANS (2)
GLC 7¼% 1977
Liverpool 7% 76-77

COMMONWEALTHS (1)
Australia 6% 74-76

BANKS (1)
ANZ

BEERS (1)
Glenlivet

BUILDINGS (1)
Watts Blake Bearne

INDUSTRIALS (1)
Winsor Newton

PROPERTY (3)
Apex Props.
Peachey
Country District

TRUSTS (1)
Selected Risk

NEW LOWS (37)

AMERICANS (2)
ASA
Tenneco 10% Loan 91-95

BANKS (4)
Bk. Scotland
Joseph (L.)
Commerzbank
Cie Bancaire

BUILDINGS (3)
Mockeys
Dew (G.)
Breedon Lime

STORES (1)
Casket (S.)

ELECTRICALS (1)
Sangamo Weston

INDUSTRIALS (6)
Allied Polymer
Milln Marsters
Dyson (J. & J.) A
St. Gobain
McLeery L'Amie
Swedish Match

INSURANCES (1)
Trade Indemnity

MOTORS (1)
Turner Mnfg.

TEXTILES (1)
Bonas Webb

TRUSTS (15)
Alliance Inv.
London Tst. Dfd.
Anglo-Scottish
River Mercantile
Ashdown Inv.
Rothschild Inv.
Border Southern
Secs. Tst. Scotland
Crossfriars
Technology
Drayton Cons.
Ladown
Electra Inv.
York Tst.
English New York

OILS (1)
Cie France Pet.

MINES (1)
Roan Cons.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	39	1	15
Corpns. Dom. and Foreign Bonds	11	3	50
Industrials	372	117	1,228
Financial and Prop.	139	63	369
Oils	14	4	19
Plantation	6	1	35
Mines	70	8	66
Recent Issues	15	2	35
Totals	666	199	1,813

BASE LENDI RATES

Allied Irish Banks Ltd
American Express Bank
Anglo-Portuguese Bank
Henry Ansbacher
Banco de Bilbao
Banco de Jerez
Bank of Cyprus
Bank of N.S.W.
Banque du Rhone S.A
Barclays Bank
Barnett, Christie Ltd.
Bremar Holdings Ltd
Brit. Bank of Mid. East
■ Brown Shipley
Canada Permanent AFI
Capitol C & C Fin. Ltd
Cayzer, Bowater Co. Ltd
Cedar Holdings
■ Charterhouse Japhet
C. E. Coates
Consolidated Credits
Co-operative Bank
Corinthian Securities
Credit Lyonnais
G. R. Dawes
Duncan Lawrie
English Transcont.
First London Secs.
■ Antony Gibbs
Goode Durrant Trust
Greyhound Guaranty
Grindlays Bank
■ Guinness Mahon
■ Hambros Bank
■ Hill Samuel
C. Hoare & Co.
Julian S. Hodge
Hongkong & Shanghai
Industrial Bank of Scot.
Keyser Ullmann
Knowsley & Co. Ltd.
Lloyds Bank
London & European
London Mercantile
Midland Bank
■ Samuel Montagu
■ Morgan Grenfell
National Westminster
Northern Comm. Trust
Norwich General Trust
Portman Guaranty
P. S. Refson & Co.
Rossminster Accept'cs.
Schlesinger Limited
E. S. Schwab
Security Trust Co. Ltd.
Shenley Trust
Standard Chartered
Trade Development Bk.
Twentieth Century Bk.
United Bank of Kuwait
Whiteaway Laidlaw
Williams & Glyn's
Yorkshire Bank

■ Members of the Accepting Committee.
* 7-day deposits 6½%, 1-month d 6¾%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼%, over £25,000 7½%.
‡ Demand deposits 5%.
§ Call deposits over £1,000 6½%.

MONEY MARKET

Large assistance

Bank of England Minimum Lending Rate 11½ per cent. (since May 21, 1976)

Day-to-day credit was again in short supply in the London money market yesterday, and the authorities intervened by lending a large amount overnight at Minimum Lending Rate to six or seven houses. The market was faced with run down bank balances and a net take up of Treasury bills. There was also an increase in the note circulation, and yesterday's advances had to be repayed. On the other hand Government disbursements exceeded revenue transfers to the Exchequer.

Discount houses paid around 10⅞ per cent. for secured call loans in the early part, and rates reached 11½ per cent. Closing balances were taken at 8-10½ per cent. In the interbank market overnight loans opened at 10½-10⅞ per cent. and firmed to 11-11½ per cent. by late morning. After a brief fluctuation rates reached 11¼-11½ per cent. before easing at the close to 8-9 per cent. Short-term fixed period interest rates showed a slightly firmer tendency. Rates in the table below are nominal in some cases.

Aug. 10 1976	Sterling Certificate of deposits	Interbank	Local Authority deposit*	Local Auth. negotiable bonds	Finance House deposit	Company deposits	Discount market deposits	Treasury bills ♦	Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	8-11½	—	—	—	11¼-11½	8-11½	—	—	—
2 days notice	—	—	10⅜-10½	—	—	—	—	—	—	—
7 days or 7 days notice	—	10½-11	10½-10⅝	—	10¾-11	—	10⅝-10¾	—	—	—
One month	10⅞-10¾	10¾-10⅞	10¾	11¼-10¾	10⅞-11¼	—	10⅝	10⅞-10¾	10⅞-10⅝	11¼-11⅜
Two months	11⅛-10⅞	10⅞-11	—	11¼-10¾	11-11⅜	—	10⅞-10⅝	10⅞	10⅞-10⅞	11¼-11⅜
Three months	11⅛-11	11-11⅜	11-11⅛	11¼-10¾	11¼-11⅝	—	10⅞	10⅞-10⅞	10⅞-10⅞	11¼-11⅜
Six months	11⅜-11¼	11¼-11⅞	11¼-11⅜	11¼-10¾	11½-11⅞	—	—	—	10⅞-10⅞	11½-11⅝
Nine months	11⅝-11⅜	11½-11⅝	—	11¾-11¼	11⅞-12⅛	—	—	—	—	—
One year	11¾-11⅝	11⅞-11¾	11⅞	12-11½	11⅞-12⅜	—	—	—	—	—
Two years	—	—	12⅜-12¾	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. *Long-term local authority mortgage rate nominally three years 13½-13¾ per cent.; four years 13¾-13⅞ per cent.; five years 13¾-13⅞ per cent. ♦ Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 10⅞-10⅞ per cent.; four-month trade bills 11⅜-11½ per cent. Approximate selling rate for one-month Treasury bills 10¾-10 19/32 per cent.; two-month 10¾-10 25/32 per cent.; and three-month 10 31/64ths per cent. Approximate selling rate for one-month bank bills 10 15/16-10¾ per cent.; two-months 10 25/32 per cent.; and three-month 10 25/32 per cent.; one-month trade bills 11⅛-11 per cent.; two-month 11¼-11⅛ per cent.; also three months 11⅛-11⅛ per cent.

Finance House Base Rates (published by the Finance Houses Association) 11½ per cent. from August 1, 1976. Clearing Bank Deposit Rates for small sums of seven days' notice 6½ per cent. Clearing Bank Base Rate for lending 10½ per cent. Treasury Bill average tender rate of discount 10.8267 per cent.

CORAL INDEX

Close 374-379

INSURANCE BAS RATES

† Atlantic Assurance 1
Cannon Assurance 9

Address shown under Insurance Property Bond table.

AUTHORISED UNIT TRUSTS

Bishopsgate Progressive Mgmt. Co.♥
Bishopsgate, E.C.2. 01-588 6280

B'gate Pr.*Aug. 3	122.6	130.8	.....	3.93
Acc. Units* Aug. 3	138.6	147.7	.....	3.93
B'gate Int. Aug. 10	124.1	133.5	−3.5	3.34
Accum. Units Aug. 10	132.8	142.9	−3.4	3.34

Next sub. day August 24. *August 17

Framlington Unit Mgt. Ltd. (a)
5-7, Ireland Yard, EC4B 5BH. 01-248 6971

Capital Tst.	58.8	62.4	.....	4.94
Income Tst.	57.4	61.0	.....	7.26

Friend's Provdt. Unit Tr. Mgrs.♥
Pixham End, Dorking. 0306 5055

Friends Prov. Uts.	28.9	30.9	+0.2	5.07
Do. Accum.	34.6	37.0	+0.2	5.07

REGIONAL MARKETS

A selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

						IRISH		
Albany Inv. 20p	19	.....	Higsons Brew.	85	.....	Conv. 9% '80/82	£87.45	+0.28
Ash Spinning	34	.....	I.O.M. Stm. £1	140	.....	Alliance Gas	53	.....
Bertam	23	.....	Holt (Jos.) 25p	235	.....	Arnott	225	.....
Bdg'wtr. Est. 50p	148	+1	Kleen-e-Ze	32	.....	Carroll (P.J.)	118	.....
Clover Croft	30	.....	Lovell's Ship £1	97	.....	Clondalkin	43	.....
Craig & Rose £1	350	.....	N'thn. Goldsmith	28½xc	.....	Concrete Prods.	45xc	.....
Dyson (R.A.)	18	.....	P.M.A.	37	+1	Heiton (Hldgs.)	23	.....
Ellis & McHdy.	66	.....	Pearce (C. H.)	85	.....	Ind. News	40	.....
Evans Fr'k. 10p.	22	.....	Peel Mills	12½	.....	Ins. Corp.	160	.....
Evered	11	.....	RobbCaledon£1	53	.....	Irish Distillers	50	.....
Fife Forge	46	.....	Sayers 12½p	16	.....	Irish Ropes	90	.....
Finlay Pkg. 5p	16	.....	Sheffield Brick	83	.....	Jacob	58	.....
Frost & Reed 50p	152§	.....	Sheff. Refrshmt.	135	.....	Sunbeam	13	.....
Graig Ship. £1	320	−3	Shiloh Spinn.	27	.....	T.M.G.	70	.....
Hallam Sleigh 10p	7	.....	Sindall (Wm.)	50	.....	Unidare	70	.....

INSURANCE, PROPERTY, BONDS

OFFSHORE AND OVERSEAS FUNDS

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.

U.S. Tst. Inv. Fnd.	$US11.72	−.02	0.85

Net asset value August 9.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2. 01-600 4555

Cnv. Bd. Aug. 9	$US8.86	−0.02	—
Energy Int. Aug. 9	$US13.90	−0.01	—
Gr. St. $ Fd. July 30	$US7.11	.....	—

Warburg Invest. Mngt. Jrsy. Ltd.
1 Charing Cross, St. Helier, Jsy. CI. 0534 28041

CMF Ltd. July 29	$US9.74	9.99	.....	—
CMT Ltd. July 29	£9.20	9.44	.....	—
Metals Tst. July 15	£14.07	14.42	.....	—
TMT July 8	$US10.95	11.24	.....	—
TMT Ltd. July 8	£11.23	11.52	.....	—

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg.

Wrld. Wide Gth. Fd.	$US12.03	.....	—

NOTES

Prices do not include $ premium, where applicable, and are in pence unless otherwise indicated. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of U.K. taxes. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ♥ Net of tax on realised capital gains unless indicated by ⊕. § Guernsey yield. ø Suspended. ☆ Single premium insurance bonds.

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1976 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101[illegible]	99[illegible]	Treasury 10½pc 1976‡‡	99[illegible]	.....	10.51	10.75
98[illegible]	95[illegible]	Treasury 6½pc 1977‡‡	97[illegible]	+[illegible]	6.41	11.01
97¼	94½	Electric 3pc '74-77	97xd	+⅛	3.09	8.37
103[illegible]	92[illegible]	Treasury 11½pc '77‡‡	100[illegible]	+[illegible]	11.45	11.00
95⅛	91⅞	Treasury 3pc '77‡‡	94[illegible]	+[illegible]	3.17	7.57
95⅝	92¼	Transport 4pc '72-77	94[illegible]	+[illegible]	4.21	7.98
99[illegible]	90½	Treasury 9pc 1978‡‡	97[illegible]xd	+[illegible]	9.26	11.04
101½	97	Treasury 10½pc '78‡‡	99[illegible]	–[illegible]	10.58	10.90
93⅛	89⅝	Exchequer 5pc '76-78‡‡	92¼	+[illegible]	5.42	9.06
103[illegible]	97⅞	Treasury 11½pc '79‡‡	100[illegible]xd	+½	11.44	11.29
88⅜	83⅝	Treasury 3pc '79‡‡	86[illegible]	–[illegible]	3.45	7.82
89⅛	75⅞	Electric 4¼pc '74-79	87⅝	......	4.85	8.86
100[illegible]	94⅞	Treasury 10½pc '79‡‡	97¼	+⅛	10.80	11.50
88¼	83⅝	Electric 3½pc '76-79	87[illegible]	......	4.02	8.08
96[illegible]	90¼	Treasury 9pc 1980‡‡	93½xd	+[illegible]	9.64	11.34
96½	91¼	Treasury 9½pc '80‡‡	93[illegible]	+[illegible]	10.18	11.73
86	82¼	Treasury 3½pc '77-80	85½	.....	4.09	7.90
89½	71	Funding 5¼pc '78-80‡‡	87⅝	...	5.99	9.13
103[illegible]	96[illegible]	Treasury 11½pc 1981‡‡	99[illegible]	+[illegible]	11.60	11.72
86	79	Treasury 3¼pc 1979-81	84¼xd	+⅛	4.13	7.55
95⅝	90⅛	Treasury 9¼pc 1981‡‡	92⅛	+[illegible]	10.58	12.00
		Five to Fifteen Years				
94⅛	86	Treasury 8½pc '80-82‡‡	88½	+¼	9.67	11.55
107¼	99⅜	Treasury 12pc 1983‡‡	103¼	+¼	12.19	12.34
81⅛	73¼	Funding 5½pc '82-84‡‡	76⅝	+⅛	7.22	10.12
87⅝	79⅛	Treasury 8¼pc '84-86‡‡	81⅞	+⅛	10.48	11.77
74⅞	67⅛	Funding 6½pc '85-87‡‡	70⅛	+¼	9.51	11.77
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

**INTERNATIONAL BANK

[illegible]

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS (Miscel.)

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

[illegible]

S.E. List Premium 38¼% (based on $1.7907 per £)

Conversion factor 0.7241 (0.7410)

CANADIANS

[illegible]

S.E. List Premium 38¼% (based on $1.7765 per £)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Continued

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Continued

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING, MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
[illegible]	53¾	Hyman (L.& J.)	31	.....	d0.16	ϕ	2.3	ϕ
[illegible]	£124½	I.C. Industries	£25¼	+¼	$1.30	—	4.8	—
[illegible]	298	Imp. Cont. Gas £1	322	+4	7.98	2.3	3.9	17.2
[illegible]	42	Ingledon Lamb	48	+1	3.32	2.2	10.4	6.7
[illegible]	17	Ingall Inds. 10p	19	.....	p1.57	1.7	12.7	7.5
[illegible]	50	Initial Services	50½	.....	3.68	1.5	11.2	8.9
[illegible]	9	Inter-City 20p	9½	.....	0.8	2.5	13.7	4.5
[illegible]	30	Int. Computers £1	136	.....	0.65	32.9	0.7	5.6
[illegible]	24½	James (John)	28	+1	2.27	ϕ	12.5	ϕ
[illegible]	23	James (M) 10p	24	.....	2.57	1.2	16.5	7.5
[illegible]	213	Jardine M. SHK$5	314	+1	Q63c	2.3	2.3	19.1
[illegible]	7½	Jentique 5p	8	.....	0.49	2.4	4.5	6.8
[illegible]	13	Johns'n & B.12½p	15	.....	hd0.78	1.4	10.5	(8.2)
[illegible]	32	Johnson Clnrs.	32	.....	2.32	2.3	11.2	6.0
[illegible]	325	Johnson Mthy. £1	340	.....	17.08	3.6	5.0	7.8
[illegible]	12	Judge Int.	17	.....	†1.85	1.7	‡	—
[illegible]	19	Kalamazoo 10p	19½	.....	1.57	1.4	12.4	8.9
[illegible]	45	Kelsey Inds. 12½p	46	.....	2.63	3.5	9.0	4.8
[illegible]	13	Kennedy Sm. 10p	16	.....	1.38	1.9	13.3	6.2
[illegible]	25	Kershaw (A.) 5p	612½	.....	12.81	0.6	3.2	—
[illegible]	64	Kleeman	180	.....	4.16	5.6	3.6	7.7
[illegible]	27	Kode Int.	40	.....	1.33	3.3	5.1	9.2
[illegible]	60	L.C.P. Hlds.	66	.....	3.9	1.6	9.1	10.2
[illegible]	22	L.K. Ind'l. Invs.	23	.....	2.14	1.8	14.3	5.8
[illegible]	33	L.R.C. Int. 10p	43xd	+1	3.09	ϕ	11.0	ϕ
[illegible]	66	Lamson Inds.	66xd	.....	2.5	2.4	5.8	10.1
[illegible]	16	Lawtex	21	+1	†2.58	2.0	‡	—
[illegible]	118	Lead Inds. 50p	125	−1	5.09	3.4	6.3	7.1
[illegible]	55	Leadenhall Stg.	57	.....	3.32	2.8	9.0	4.5
[illegible]	42	Le Bas (Ed)	61	.....	2.48	13.3	3.7	3.1
[illegible]	28½	Leboff Fobel 10p	33	.....	1.48	2.4	6.9	9.4
[illegible]	32	Lebus Harris	33	.....	2.93	3.2	13.7	2.6
[illegible]	23	Leigh Ints. 5p	26	.....	0.89	8.4	5.2	3.5
[illegible]	73	Leisure Car. 10p	84	.....	4.82	1.9	8.8	9.3
[illegible]	90	Lep Group 10p	126	.....	2.54	5.9	3.1	7.4
[illegible]	35½	Lesney Prods. 5p	62xd	.....	12.34	5.5	5.8	6.1
[illegible]	61	Letraset 10p	70xd	−1	2.54	ϕ	5.6	ϕ
[illegible]	8½	Liden 10p	12½	.....	—	—	—	—
[illegible]	31	Light & Lefs 10p	32½	.....	t2.0	3.7	9.5	7.7
[illegible]	11½	Lindsay & Wms.	22	.....	—	—	—	—
[illegible]	57	Lindustries	57	.....	4.0	ϕ	10.8	ϕ

[illegible]

INSURANCE

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
86	65	Bowring (C.T.)	71	−1	t2.64	2.6	5.7	11.8
41	27½	Brentnall Bk. 10p	41	.....	11.14	2.7	4.3	16.3
156	120	Britannic 5p	124	.....	7.47	—	9.3	—
950	720	Continued Am. $1	760	+20	†Q66c	—	4.9	—
158	106	Comm. Union	123	+1	6.77	—	8.6	—
144	106	Eagle Star	116	.....	4.99	—	6.6	—
£128½	£110	Fenm UK 9%Cm.	£111½	−½	Q9%	—	8.1	—
184	128	Equity & Law 5p	132	+2	5.44	—	6.3	—
190	140	Gen. Accident	162	+1	5.01	—	5.5	—
225	175	Guardian Royal	185	.....	8.27	—	6.8	—
434	266	Heath (C.E.) 20p	404	.....	†13.0	4.9	5.0	11.7
*179	140	Hogg Robinson	144xc	.....	t5.52	ϕ	6.0	ϕ
176	126	Howden (A.) 10p	136	−1	2.47	4.8	2.8	10.3
148	104	Legal & Gen. 5p	112	+1	4.65	—	6.4	—
139	94	Les. & Gdun. 10p	98	−1	3.69	2.5	6.0	10.4
140	92	Lon. & Man. 5p	94	.....	4.64	—	7.6	—
64	52	London United 5p	60	.....	3.42	1.8	8.4	10.2
226	154	Matthew Wr. 20p	174	.....	8.04	2.0	7.1	11.0
140	100	Minet Hldgs. 20p	118	.....	2.64	2.3	3.4	15.0
250	176	Pearl 5p	198	.....	10.24	—	8.0	—
240	186	Phoenix	202	−2	8.42	—	6.4	—
140	115	Provident "A"	115	.....	6.65	—	8.9	—
140	115	Do. "B"	115	.....	6.65	—	8.9	—
146	109	Prudential 5p	118	−2	5.41	—	7.1	—
130	100	Refuge 5p	108	.....	6.83	—	9.7	—
352	266	Royal	292	+2	13.39	1.2	7.1	18.3
282	218	Sedg. Forbes 10p	224	.....	7.81	1.7	5.4	16.4
113	84	Stenhouse	91xd	+1	t3.63	2.0	6.1	12.7
470	370	Sun Alliance £1	400	.....	16.4	—	6.3	—
98	66	Sun Life 5p	70	.....	12.79	—	6.1	—
870	695	Taisho Mar. Y50	750	+10	Q11%	—	1.2	—
157	130	Trade Indemnity	130	−5	6.83	—	8.1	—
£27½	£20¾	Travelers $2.50	£26⅞	.....	Q$1.08	—	2.2	—

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

MINES—Continued

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

CENTRAL AFRICAN

[illegible]

AUSTRALIAN

[illegible]

TINS

[illegible]

COPPER

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
85	42	Botswana RST P2	46	+1	—	—	—
335	170	Messina R0.50	195	+10	†Q35c	1.9	11.6

MISCELLANEOUS

1976 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
10	8	Burma Mines 17½p	8½	.....	0.1	ϕ	2.0
39½	23	Charterhall 5p	28	+½	—	—	—
990	580	Cons. Murch. 10c	790	.....	†Q20c	1.8	7.4
455	245	Northgate C$1	305	.....	—	—	—
239	178	R.T.Z.	195	+1	5.42	2.1	4.3
112	83	Sabina Inds. C$1	85	−3	—	—	—
£15⅞	£10	Tara Expln. $1	£14½	+⅛	—	—	—
45	32½	Tehidy Minerals 10p	44	.....	b1.08	ϕ	3.8
145	84	Yukon Cons. C$1	124	+3	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- £ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * *Highs and Lows marked thus have been adjusted to allow for rights issues for cash.*
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ‖ Price at time of suspension.
- ¶ Indicated dividend after pending [illegible] and/or rights issue; cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ *Merger bid or reorganisation in progress.*
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Based on 1973 profits.
- ; Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ◊ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 17

FINANCIAL TIMES
Wednesday August 11 1976

Dail to be recalled in anti-IRA move

BY GILES MERRITT, IN DUBLIN

THE IRISH Cabinet decided after a five-hour meeting last night to recall the Dail (Parliament) on August 31 to pass a tough new package of counter-subversion measures.

The Dublin Government is keeping the details of its anti-terrorist moves a closely guarded secret until then, but the signs indicate more severe prison sentences for IRA membership—five years rather than the present maximum of two—and a far-less tolerant approach to the outward manifestations of such extremist Republican organisations as Provisional Sinn Fein.

It is also thought that the Irish Government will take the opportunity to overhaul existing legislation, such as the Offences Against the State Act, in order to make it more clearly aimed at the Provisional IRA.

Dublin's stern approach comes after the assassination three weeks ago of the British Ambassador, Mr. Christopher Ewart-Biggs, and growing fears that the country will no longer remain relatively safe from IRA terrorism.

At the same time, it has been confirmed within the Government that Mr. Rory O'Brady, head of Provisional Sinn Fein, is being sought by the police and could face a five-day prison term for not paying a £30 fine for his part in an illegal Easter rally in Dublin.

Only 10 days ago Mr. O'Brady was served with an Exclusion Order in Belfast barring him from the U.K. and is liable to imprisonment if he returns to Ulster.

There are increasing indications in both Dublin and Belfast that a concerted Anglo-Irish campaign is under way to harass the Sinn Fein organisation on both sides of the border and prevent the IRA from using its ambiguous political status as the backbone of its terror machine.

In just over two weeks all the members of Provisional Sinn Fein's ruling triumvirate—Mr. O'Brady and vice-presidents Mrs. Maire Drumm and Mr. David O'Connell—have been arrested in Ulster or the Republic.

Charge likely

Although officials of Mr. Merlyn Rees, the Northern Ireland Secretary, are insisting that Mrs. Drumm's fate is a police and judicial matter, it seems likely that she will be charged under the 1970 Incitement to Hatred Act after her rabble-rousing "stone by stone" speech on Sunday inviting a Republican rally to destroy Belfast.

Mr. O'Connell—widely alleged to be the former Provo "chief of staff" and whose fierce convictions encourage no one in Dublin to suppose that he has lately become a political moderate — is on remand here awaiting trial on charges of IRA membership and assaulting a policeman.

The shadowy role of Provisional Sinn Fein in both Ulster and the Irish Republic has been causing increasing concern in official circles.

Both Governments have apparently decided against proscribing the organisations, because that would involve open repression and might be counter-productive. Sinn Fein sympathisers could become IRA gunmen.

On the other hand, Provisional Sinn Fein gives the IRA a legitimate means of assembling its claimed 20,000 members in the 32 counties for demonstrations that often end in rioting, and publishes propaganda that purports to lend political justification to acts of terrorism.

Most worrying is that the Sinn Fein leadership often appears to provide a legal hiding place for top IRA activists, like Mr. Joe Cahill, who can claim that they are "former IRA brigade commanders."

Provisional Sinn Fein has had its political stature greatly enhanced over the past year by the controversial Northern Ireland Office practice of maintaining contacts with the IRA's "political spokesmen."

It was a British policy sternly criticised by the Irish Government on the grounds that it gave the Provisional IRA political credibility.

Now that such contacts have been discontinued, however, both Governments are understood to be making common cause against the organisation.

More engineering companies are offered aid

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT yesterday announced significant changes for the machine tool industry aid scheme which has met with a disappointing response since it was launched a year ago.

The scope of the scheme is to be widened to encourage more of the industry's smaller companies to take part. It has also been extended to include two sectors closely connected with machine tools — makers of one-off tooling (jigs, fixtures, press tools and so on) and of assembly machines.

"We want to help this industry into growth markets with growth products . . . this is an important aspect of the industrial strategy and these changes underline the Government's commitment to the strategy," Sir Peter Carey, Permanent Secretary to the Department of Industry, said yesterday.

Poor response

About £20m. has been made available for the machine tool aid scheme, a considerable sum for a small industry with an annual turnover of £300m.

Up to now only nine projects have been approved, involving assistance of nearly £2m. towards a total investment of just over £10m. by the companies receiving help.

This is the poorest response the Department has met from the industries involved in the four aid schemes announced so far.

The machine tool manufacturers says that the Department did not do enough to "sell" the scheme to the industry and that the proposals of several companies were turned down.

However, the tempo seems to be increasing and more applications are to be considered this week. These are expected to lift the total committed by the Government to £5m. and go towards investment of £25m. by the companies concerned.

To stimulate more interest among smaller companies, the eligibility limits have been lowered. Now projects involving an outlay of £25,000 for modernisation, rationalisation or expansion of capacity will be considered. Previously the minimum was £50,000.

The eligibility limit for product development projects has also been halved, from £100,000 to £50,000.

The form of assistance for projects for the design, development and launching of new machine tools is changed to a straightforward grant of 25 per cent. of eligible costs—something the smaller company can more easily understand than the previous rather complex formula.

There is also to be a grant of 50 per cent. of approved consultancy fees for "small and medium sized" companies which employ consultants "to investigate problems and to formulate proposals for improving the concern's productivity and efficiency."

More publicity

This is similar to a provision in the textile industry aid scheme and is designed to help those managements burdened with questions of immediate survival to obtain some outside help to look a little further into the future.

The Department apparently has also taken the point about the need to give the scheme more publicity. Lord Brown, chairman of the machine tool aid scheme's advisory Board, will visit all the regions next month to talk to company managements about what it has to offer.

Applications for assistance under the scheme must be submitted by December 31 this year and projects must be completed by the end of August, 1978, or, in the case of product development, by August, 1980.

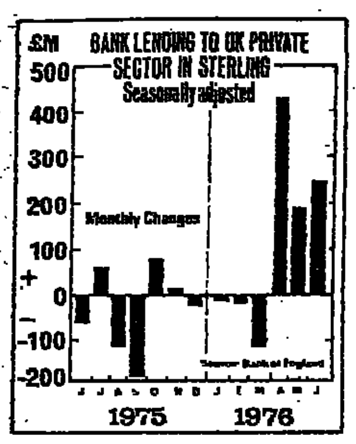
The Department of Industry's regional offices will deal with inquiries about the scheme.

Industry and Page 15

THE LEX COLUMN

Industry turns to the banks

Index rose 5.3 to 375.2



The gilt-edged market was moderately pleased yesterday by the relatively low central government borrowing requirement for July—only £128m., in a month which had seasonal benefit from payments such as VAT—but the further sharp rise in bank lending revealed by this morning's clearing bank monthly statement has much less comforting implications. The London and Scottish clearers increased their sterling advances to the private sector by over £1.1bn. in the five weeks to July 21, and although perhaps two-thirds of this can be attributed to the half-yearly debiting of interest and charges this would still leave an underlying £350m. or so.

And while the clearers could have benefited from some switching of loan demand from elsewhere in the banking sector, it is hard to imagine that the sector as a whole will have shown other than a fourth successive month of large increases in sterling lending, seasonally adjusted, to the U.K. private sector. This time, moreover, there are few ifs and buts about leads and lags; manufacturing industry, according to the banks, has needed to finance higher levels of working capital.

For a long time now the City has been nervously discussing how a possibly large increase in bank lending during the economic upswing of 1976 and 1977 and a still substantial public sector borrowing requirement could both be accommodated within reasonable money supply restraints. The bank lending upturn can now be finally confirmed as a trend, so the problem may soon cease to be academic.

The Government is still not selling any gilts, and the next month or two can be expected to show higher borrowing requirements — boosted, for instance, by the income tax rebates. So the money supply figures are likely to show an acceleration — as, indeed, was implied by the Chancellor last month in his indication of 12 per cent. growth in M3 for the financial year compared with a little under 10 per cent. in the year to mid-June. But at least the bearish message for the securities markets has been well anticipated in the past few months — and recent U.S. experience has shown that monetary growth can fluctuate down as well as up.

For companies, the bank lending figures and the deterioration in the trade balance both indicate a sharp turnround in the stocks cycle. This is causing some analysts to revise downwards their estimates of the corporate sector's emerging surplus. And a new paper from Phillips and Drew explains why companies should need to expand their borrowing at all when they are in financial surplus. The point is that the surplus is struck after payment for physical items like stocks, but does not allow for other uses of funds such as a build-up of liquidity (which may be happening now, if companies fear a credit squeeze) and the expansion, in a period of business growth, of trade credit extended outside the corporate sector.

Smith & Nephew

Smith and Nephew's profits trend remained stodgy through the second quarter, but sales are now showing clear signs of buoyancy and for 1976 as a whole the group should comfortably top £13m. pre-tax, against £11.8m. last time. The tax charge, which was 43 per cent. in 1975, is edging upwards so Smith's progress is going to be less marked below the line. But most of its operating divisions are now moving fairly smoothly with sales volume in the second quarter rising by 7 per cent.

Hygiene is the obvious exception. This division is regaining some of the market share it lost last year in tampons but conditions are still very flat. Medical profits roughly half of the total are an eighth ahead pre[...] the six months, plastics a[...] of the red—having lost [...] in the second half of 1975 the textile side is up by [...] than a fifth, thanks larg[...] denim production which t[...] an extra 30 per cent. of ca[...] at the end of last year. [...] which lost perhaps £0.5m [...] year, is now breaking eve[...] losses in the U.S. offs[...] profits at home. Turn[...] the U.S. may now be ru[...] at little more than £2½m, a[...]

Down 1p to 44½p yesterd[...] shares have underperform[...] market since May with [...] of nearly a fifth. The pr[...] tive yield is 6.8 per cen[...] 1976 earnings could eme[...] around 4½p a share.

See also Page 16

New issue

A three for eight right[...] at a discount of 14 per [...] on the market price woul[...] no chance of being underw[...] in today's markets. But [...] a placing with faciliti[...] shareholders to participat[...] everyone will be happy [...] at least that seems to hav[...] the experience of Polym[...] smallish laundry equi[...] company which has don[...] that.

Regrettably the news [...] issue, and its associated [...] dend increase of 51 per [...] does not seem to have c[...] a complete surprise sin[...] shares have risen by n[...] tenth in the last few da[...] on the basis of the marke[...] before this speculative [...] the company is raisin[...] equivalent of almost a [...] its capitalisation, which [...] haps two thirds more [...] could have picked up via [...] ventional rights issue. [...] shareholders can join in [...] want to.

So other small compan[...] cast envious eyes at this [...] especially at a time [...] private shareholders [...] distinctly reluctant to [...] across with new equity. [...] However, the idea depen[...] its success on the insti[...] being persuaded that th[...] a fundamental diff[...] between the price at [...] a given number of share[...] be placed and the pr[...] which such a block c[...] underwritten. That lo[...] debatable.

See also Page 16

Central government borrowing need is sharply reduced

BY ANTHONY HARRIS

A SHARP reduction in the central government borrowing requirement last month has brought the total for the first four months of the financial year back within the trend forecast in the Budget.

City observers now regard the figures to date as consistent with a reduced borrowing requirement of £11.5bn. for the public sector as a whole, as recently forecast by the Chancellor of the Exchequer, and possibly with a lower figure.

Revenue and expenditure have so far run well above their forecast annual rates, but both are expected to show lower growth in the near future.

The revenue figures do not yet reflect the higher tax allowances and thresholds which have now come into retrospective force. Expenditure figures do not yet reflect some of the economies enforced in the Budget—notably the phasing-out of payments to the nationalised industries in respect of prices restraint.

Both these factors will affect the August figures; but the improved financial performance of some of the nationalised industries is already apparent in a very sharp reduction in loans from the national loans fund, virtually halved at £547m. for the first four months.

Borrowing by the nationalised industries, £337m. in the same period last year, has almost been eliminated. Interest payments on the national debt, on the other hand, are nearly £500m. up, so total outlays from the fund are little changed.

CONSOLIDATED FUND AND NATIONAL LOANS FUND

	1st April-31 July 1975 £m.	1st April-31 July 1976 £m.	Change £m.	Change %	Budget forecast %
Consolidated Fund					
Revenue	9,077	10,756	1,688	18.5	12.85
Expenditure	10,981	12,855	1,847	17.1	10.7
Deficit	−1,904	−2,090		9.8	1.3
Other NLF transactions					
Reciepts*	969	1,440	471	48.6	37.4
Payments	2,058	1,987	−71		
Net borr.	−2,993	−2,637		−11.9	14.9
Other accts.	169	343			
Cent Govt. Borr. requirement	−2,824	−2,294		−18.8	18.4

* corresponds to total service of national debt

U.S. firm on uranium plant for Pakistan

By Rupert Cornwell

PARIS, August 10.

FRANCE and the U.S. still seemed set on opposing courses yesterday, over the projected French sale of a uranium processing plant to Pakistan, in spite of a telephone call by Dr. Henry Kissinger, the U.S. Secretary of State, to his French opposite number, M. Jean Sauvagnargues.

The conversation between the two men was described by the American side as "very friendly, constructive and non-confrontational"—in line with the generally calm view the Quay d'Orsay is taking of the affair—but no further details have emerged.

However, the relaxed mood of what was planned as a private visit to Deauville by Dr. Kissinger has been spoiled by the controversy stirred up by his open threat to suspend U.S. economic and military aid to the Pakistan Government if it did not cancel the reprocessing deal.

It is the export of reprocessing plants rather than nuclear reactors which the U.S. objects to, because the plants provide a quicker way of producing plutonium for an atomic weapons programme.

Mr. Samuel Gammon, the U.S. charge d'affaires here, made his second visit in 24 hours to the French Foreign Ministry, to convey, according to the French statement, Dr. Kissinger's regret at the publicity generated by the affair.

No change

But since the week-end, in spite of the efforts to play matters down, it has remained perfectly clear that the U.S. is sticking to its guns. Dr. Kissinger said at an airport Press conference in Lahore yesterday that Pakistan and the U.S. would continue discussions, to avoid a direct clash.

Later, Dr. Kissinger said that the U.S. pressure was simply an explanation of forthcoming American legislation, introduced by Sen. Stewart Symington.

The unspoken hope seems to be for a compromise whereby Pakistan would drop the plant in return for a U.S. guarantee of its security, perhaps including nuclear provisions as well.

France argues that the control covering the planned sale, which will be monitored by the Vienna-based International Atomic Energy Agency, is fully in keeping with international standards. But these safeguards are considered inadequate by Washington.

It is accepted here that the American pressure is dictated not only by domestic political factors (the issue of nuclear proliferation has been vigorously taken up by the Democratic Presidential candidate, Mr. Jimmy Carter) but also by a deep unease over the risk of an unchecked spread of nuclear weapons, an increase prompted by the use India has made of U.S. technology to manufacture its own bomb.

The U.S. is expected soon to agree to a request from Iran for six to eight nuclear plants, but that country, unlike Pakistan, is a signatory to the nuclear non-proliferation treaty.

Given France's refusal to drop the deal, only Mr. Bhutto can provide the U.S. with the answer it wants—and that seems unlikely after his promise last night "to stand by the agreement with France."

Editorial Comment P14

Fleet Street computer pact expected soon

BY ALAN PIKE, LABOUR STAFF

AGREEMENT in principle on the introduction of computer-based new technology in Fleet Street is likely to be announced by managements and unions next month.

A statement issued after a meeting of the National Newspaper Industry Joint Standing Committee yesterday said that plans of action had been agreed in several areas to advance the programme "based on safeguarding the future of the industry."

Talks continue

Talks on detailed methods of operation are continuing. After its meeting next month the committee, on which the Newspaper Publishers Association and most of the print unions are represented, hopes to make a public statement on its proposals.

This will be the end of the beginning rather than the beginning of the end in the delicate task of negotiating a technological transformation which will involve considerable redundancies and elimination of traditional skills.

Although most print union leaders are agreed that the arrival of new technology is inevitable, and are concentrating on getting the right terms, the reaction of their members at office chapel level is still largely untested.

One of the more difficult issues on which agreement is now closer concerns the need to reduce manning levels through decasualisation. A register of employees in each Fleet Street office as a means of determining the extent of the problem is under consideration, though this is one of the details on which talks are continuing.

Any final solution is likely to draw a distinction between "regular" casuals—people who earn their normal living on a casual employment basis—and "casual" casuals. These are men who supplement their regular income with casual work, much of it done on Saturdays for Sunday newspapers.

The precise number of workers in the second category is difficult to determine, but a decision to end this form of casual employment might affect about 3,000 jobs.

New paper call

● Mr. Bill Keys, general secretary of the Society of Graphical and Allied Trades, and one of the leading negotiators, has suggested to the TUC Finance and General Purposes Committee that the introduction of new technology might make it possible to produce economically a new daily newspaper reflecting the views of the trade union and Labour movement.

Continued from Page 1

Leyland Board change

the Government-backed reorganisation of the group. He has won a heavy slice of the new investment money for his division, and has pushed forward plans for a radical reconstruction along with a new model range.

At the same time, however, tension has been building up between his group and the Leyland International organisation which is responsible for selling all vehicles overseas; and on the main Board relations between Mr. Ellis and Mr. Alex Park, BL's chief executive, have also become lukewarm.

Mr. Ellis's departure will mean that virtually all the directors of the company that had to be rescued by the Government will have left.

The exceptions among the executive directors are Mr. Pat Lowry, director of personnel, and Mr. Ron Lucas, company secretary—the only BMC survivor.

Continued from Page 1

Industry loans

ing system's eligible liabilities in the month to mid-July announced by the Bank of England this morning, is a pointer to the possible trend in the unadjusted money supply figures to be published later this month after taking account of the rise in bank advances and the low level of gilt-edged sales recently.

The expansionary pressures will be partly offset by monetary outflows associated with the large recent current account deficit.

Various seasonal factors have boosted the overall rise in the London clearers' sterling advances in the last month. Thus two-thirds of the £1.04bn. increase can be attributed to influences such as the debiting of half-yearly interest and commission charges. The underlying trend is calculated after excluding this.

Moreover, the figures still seem to have been affected to some extent by a switch of borrowing by certain customers, especially the larger industrial companies, from the money markets to the use of clearing bank overdraft facilities.

Weather

U.K. TO-DAY

MOSTLY DRY with sunny spells.

London, E. Anglia, Cent. S., Cent. N., E. England, Midlands, Channel Islands

Dry, sunny spells. Early fog. Wind N.E. light. Very warm. Max. 25C (77F).

S.E., S.W. England

Dry. Sunny spells. Warm. Max. 24C (75F).

Wales, N.W. England, Lake District

Dry. Sunny spells. Early fog. Very warm. Max 25c (77F). Cooler on coasts.

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, N.E. Scotland

Dry. Cloudy at times. Coastal fog. Warm inland. Max. 21C (70F). Cooler on coasts.

Rest of Scotland, N. Ireland

Dry. Sunny spells. Very warm. Max. 24C (75F). Cooler on coasts.

Outlook: Mostly dry, very warm with sunny spells. Some rain in N.W., perhaps also S.W.

Lighting-up: London 21.03; Manchester 21.18; Glasgow 21.35; Belfast 21.37.

BUSINESS CENTRES

		Mid-day Y'day °C	°F			Mid-day Y'day °C	°F
Amsterdm	S	24	75	Manchestr	S	23	73
Athens	S	27	81	Melbourne	R	11	52
Barcelona	S	27	81	Mexico C.	S	20	68
Belfast	C	22	72	Milan	C	21	70
Belgrade	S	24	75	Montreal	C	18	64
Berlin	S	25	77	Moscow	S	17	63
Birminghm	S	21	70	Munich	F	20	68
Bristol	S	22	72	Newcastle	S	21	70
Brussels	S	25	77	New York	R	22	72
Budapest	F	24	75	Oslo	S	23	73
B. Aires	S	16	61	Paris	S	26	79
Cairo	S	31	88	Perth	F	18	64
Cologne	C	24	75	Prague	F	23	73
Cardiff	S	23	73	Reykjavik	F	11	52
Copenhagn	S	22	72	Rio de J'o	S	26	79
Dublin	S	22	72	Rome	S	29	84
Edinburgh	C	13	55	Singapore	S	26	79
Frankfurt	S	25	77	Stockholm	F	24	75
Geneva	C	18	64	Strasbourg	S	25	77
Glasgow	S	19	66	Sydney	F	16	61
Helsinki	F	24	75	Tehran	S	35	95
Hong Kong	S	30	86	Tel Aviv	F	28	82
Jo'burg	S	26	79	Tokyo	C	30	86
Lisbon	S	26	79	Toronto	C	17	63
London	S	24	75	Vienna	S	24	75
Luxembrg	F	23	73	Warsaw	F	21	70
Madrid	S	28	82	Zurich	C	17	63

HOLIDAY RESORTS

Ajaccio	S	28	82	Jersey	S	22	72
Algiers	S	29	84	Las Plmas	S	29	84
Biarritz	F	22	72	Locarno	C	21	70
Blackpool	S	22	72	Majorca	S	30	86
Bordeaux	R	22	72	Malaga	S	28	82
Boulogne	S	21	70	Malta	S	28	82
Cape Tn	C	18	64	Nairobi	C	21	70
Corfu	S	28	82	Naples	C	28	82
Dubrovnik	C	26	79	Nice	C	25	77
Faro	S	32	90	Nicosia	S	31	88
Florence	F	23	73	Oporto	F	20	68
Funchal	S	29	84	Rhodes	S	29	84
Gibraltar	S	27	81	Salzburg	S	22	72
Guernsey	S	21	70	Tangier	S	33	91
Innsbruck	R	17	63	Tenerife	S	28	82
Inverness	C	17	63	Valencia	S	29	84
I. of Man	S	20	68	Venice	C	18	64

F—Fair. C—Cloudy. R—Rain. S—Sunny.

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